

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Jeffrey Schneider, Assistant General Manager

Agenda: April 14, 2026

Report Date: April 10, 2026

Agenda Title: Overview of Draft FY 2026/27 O&M Budget and Budget Process Timeline

Recommendation / Motion:

Information Only.

Background:

Staff met with the Finance Committee on March 11, 2026 to review a draft of the FY 2026/27 Operations and Maintenance (O&M) Budget. The Finance Committee's guidance regarding the FY 2026/27 O&M Budget was largely focused on water revenue volumes, which are now projected to remain flat compared to the FY2025/26 forecast. Otherwise, the draft O&M Budget that is presented here is consistent with the version reviewed by the Finance Committee.

The Board will review the draft FY 2026/27 – FY2035/36 CIP Plan at its May 12, 2026 meeting.

At the June 9, 2026 Board of Directors meeting, the Board will be asked to approve the draft Fiscal Year 2026/27 O&M Budget and the draft Fiscal Year 2026/27 to Fiscal Year 2035/36 CIP Plan.

The attached Timeline lists key milestones for the annual Budget process, including Committee and Board reviews of the District's draft Fiscal Year 2026/27 Operations and Maintenance (O&M) Budget and draft Fiscal Year 2026/27 through Fiscal Year 2035/36 Capital Improvement Program (CIP). Key dates are also outlined for the District's on-going planning and reporting in support of the Strategic Priorities that were established at the Board's January 12, 2026 Strategic Planning Workshop.

Budget process updates will be presented at each Regular Board meeting through June.

Coastside County Water District Budget Process Timeline

(Includes milestones for Strategic Planning Priorities)

Date	Description
February, 9, 2026	Facilities Committee - Review of Draft FY26/27- FY35/36 Capital Improvement Program (CIP) Budget
March 9, 2026	Facilities Committee - 2 nd Review of Master Tank Plan
March 11, 2026	Finance Committee - Review of Draft FY26/27 Operations and Maintenance (O&M) Budget; Review of Draft FY26/27- FY35/36 Capital Improvement Program (CIP) Budget and Draft Long Term Financial Model
April 14, 2026 Regular Board Meeting	Present Draft of FY26/27 O&M Budget for Board Review
April 15, 2026 TBD <i>Special Board Meeting</i>	Strategic Planning Workshop - Presentation of the draft Master Tank Plan
April, 2026 TBD	Facilities Committee - Review of Draft FY26/27 - FY35/36 CIP Budget; <i>Establish Goals for Strategic Priorities: CIP and Alternative Water Sources</i>
May 12, 2026 Regular Board Meeting	Board Presentation of Draft FY26/27 - FY35/36 CIP Budget
May, 2026 TBD (as needed)	Facilities Committee - Review of Draft FY26/27 - FY35/36 CIP Budget
May 2026 TBD	Finance Committee - Review of Draft FY26/27 O&M Budget and Draft FY26/27- FY35/36 CIP Budget; <i>Establish Goals for Strategic Priority: Financial Sustainability - Financial Planning</i>
June 9, 2026 Regular Board Meeting	Board Approval of Draft FY26/27 O&M and Draft FY26/27 - FY35/36 CIP Budgets
July 2026	<i>First semi-annual Status Report - Strategic Priorities</i>

Draft Fiscal Year 2026/27 O&M Budget:

A summary of the Draft Fiscal Year 2026-27 O&M Budget as compared to the prior year's budget is presented below.

	FY2026/27	FY2025/26	Change from Prior	
	Draft Budget	Approved Budget	\$	%
REVENUE				
<i>Water Sales in Millions of Gallons</i>	504 MG	542 MG	-38 MG	(7.0%)
Water Revenue (*)	\$ 16,238,900	\$ 15,862,300	\$ 376,600	2.4%
Non-Operating Revenue	\$2,599,701	\$2,635,000	(\$35,299)	(1.3%)
Total Revenue	\$ 18,838,601	\$ 18,497,300	\$ 341,301	1.8%
OPERATING EXPENSES	\$ 12,646,093	\$ 12,298,011	\$ 348,083	2.8%
DEBT SERVICE	\$2,109,430	\$ 2,036,939	\$ 72,491	3.6%
CONTRIBUTION TO CIP AND RESERVES	\$ 4,083,078	\$ 4,162,350	\$ (79,273)	(1.9%)

(* An 8% rate increase is planned for January 18, 2027 and is reflected in the FY 2026/27 Draft Budget

The **revenue** budget reflects water sales of 504 million gallons (MG), a decrease of 38 MG from the prior year's budget, as projected volumes for the balance of FY 2025/26 and the entire FY 2026/27 Budget reflect flat volumes versus prior year. At \$16,239,000, water revenues are \$377,000 or 2.4%, above this year's budget, and \$1,212,000, or 8.1% above projected results for FY 2025/26 (this increase is solely related to the incorporation of the Board-approved 8% price increase to be implemented in mid-January 2027).

Non-operating revenues will decrease by \$35,000 versus this year's budget, primarily as a result of lower interest earnings as cash balances in FY 2025/26 were influenced by temporary influx of funds from its January, 2025 issuance of \$8.0 million of certificates of participation that partially funded the Carter Hill Pre-Stressed Concrete Tank project (These COP funds were exhausted by March, 2026). Nearly offsetting the projected decline in Interest Income are increases in Property Taxes and Excess ERAF funds.

Budgeted **operating expenses** are \$348,000, or 2.8% higher than the prior year's budget primarily due to inflationary increases. Please see Key Assumptions / Notes, below.

Debt service will increase by \$72,000, as FY 2026/27 reflects a full year of payments for the District's Certificates of Participation, issued in January, 2025 in support of the Carter Hill Tank project.

The resulting **contribution to CIP and Reserves** of \$4,083,000 is \$79,000 below the prior year's budget. Below is an outline of key assumptions for FY 2026/27 and notes related to variances versus the FY 2025/26 Budget. **Exhibit A** presents the Draft FY 2026/27 O&M Budget and compares it to the Approved Budget for FY 2025/26.

Key Assumptions / Notes:

1. Water Sales Rate Increase: 8% effective January 18, 2027
2. Interest Income reduction: \$160,000 below the FY2025/26 Budget and \$256,000 below FY 2025/26 Projections as \$8.0 million of funds raised in January, 2025 to partially finance the Carter Hill Tank project have been exhausted;
3. SFPUC water purchases: 7.4% increase in price per unit, which amounts to ~\$26,000 per 1ppt change in this rate; Note that the Raw Water discount is increasing from \$0.39 per unit to \$0.44 per unit, which will lower our annual SFPUC expense by \$20,000; 60% of the District's water supply is assumed to come from SFPUC
4. Personnel:
 - a. 1.75% COLA is confirmed and will be reflected in salaries in July, 2026
 - b. All but 3 staff will receive 2.5% step increases in July, 2026 following organizational adjustments approved by the Board in FY 2025/26
 - c. One position is assumed to be filled in FY 2026/27: maintenance worker
 - d. 3 months of overlap is assumed for GM (\$78,000 incl salary and benefits)
 - e. Medical and Dental Costs are assumed to increase by 10% and 6% respectively
5. Insurance:
 - a. Liability and Property are assumed to increase by 10%; Cybersecurity by 5%, and Workers Compensation by 13%
6. PG&E:
 - a. Crystal Springs Pump (CSP) Station is budgeted at \$500,000 to accommodate the unlikely event that the District must operate the CSP station beyond planned levels.
 - b. PG&E costs at other locations are assumed to increase by 10%

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COASTSIDE COUNTY WATER DISTRICT

Operations & Maintenance Draft Budget - FY 2026-2027

		DRAFT FY 2026/2027 Budget	Approved FY 2025/2026 Budget	FY25/26 Budget Vs. Approved FY 25/26 Budget	
Account #	Description			\$ Change	% Change
OPERATING REVENUE					
4120	Water Sales (*)	\$ 16,238,900	\$15,862,300	\$ 376,600	2.4%
	Water Sales in MG	504 MG	542 MG	-38 MG	(7.0%)
Total Operating Revenue		\$ 16,238,900	\$15,862,300	376,600	2.4%
NON-OPERATING REVENUE					
4170	Hydrant Sales	\$60,000	\$60,000	\$0	0.0%
4180	Late Penalty	\$100,000	\$100,000	\$0	0.0%
4230	Service Connections	\$15,000	\$15,000	\$0	0.0%
4920	Interest Earned	\$225,000	\$385,000	(\$160,000)	(41.6%)
4930	Property Taxes	\$1,300,000	\$1,231,000	\$69,000	5.6%
4950	Miscellaneous	\$5,000	\$5,000	\$0	0.0%
4955	Cell Site Lease Income	\$244,701	\$239,000	\$5,701	2.4%
4965	ERAF Refund	\$650,000	\$600,000	\$50,000	8.3%
4970	Contributions - Grants	\$0	\$0	\$0	-
Total Non-Operating Revenue		\$2,599,701	\$2,635,000	(\$35,299)	(1.3%)
TOTAL REVENUES		\$18,838,601	\$18,497,300	\$341,301	1.8%
OPERATING EXPENSES					
5130	Water Purchased	\$2,537,783	\$2,750,676	(\$212,893)	(7.7%)
5130A	BAWSCA Bond Surcharge	\$209,004	\$122,664	\$86,340	70.4%
5230	Electrical Exp. Nunes WTP	\$75,900	\$72,100	\$3,800	5.3%
5231	Electrical Expenses, CSP	\$500,000	\$500,000	\$0	0.0%
5232	Electrical Expenses/Trans. & Dist.	\$41,400	\$38,300	\$3,100	8.1%
5233	Elec Exp/Pilarcitos Cyn	\$95,100	\$87,000	\$8,100	9.3%
5234	Electrical Exp., Denn	\$131,500	\$112,650	\$18,850	16.7%
5242	CSP - Operation	\$26,014	\$11,000	\$15,014	136.5%
5243	CSP - Maintenance	\$50,000	\$50,000	\$0	0.0%
5246	Nunes WTP Oper	\$89,500	\$89,500	\$0	0.0%
5247	Nunes WTP Maint	\$140,000	\$140,000	\$0	0.0%
5248	Denn. WTP Oper.	\$88,000	\$73,000	\$15,000	20.5%
5249	Denn WTP Maint	\$178,200	\$171,400	\$6,800	4.0%
5250	Laboratory Expenses	\$85,000	\$85,000	\$0	0.0%
5260	Maintenance Expenses	\$400,000	\$400,000	\$0	0.0%
5261	Maintenance, Wells	\$0	\$0	\$0	
5263	Uniforms	\$16,000	\$15,000	\$1,000	6.7%
5318	Studies/Surveys/Consulting	\$160,000	\$160,000	\$0	0.0%

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COASTSIDE COUNTY WATER DISTRICT

Operations & Maintenance Draft Budget - FY 2026-2027

Account #	Description	DRAFT FY 2026/2027 Budget	Approved FY 2025/2026 Budget	FY25/26 Budget Vs. Approved FY 25/26 Budget	
				\$ Change	% Change
5321	Water Resources	\$18,000	\$18,000	\$0	0.0%
5322	Community Outreach	\$63,500	\$63,500	\$0	0.0%
5325	Water Shortage Program	\$0	\$0	\$0	
5381	Legal	\$150,000	\$125,000	\$25,000	20.0%
5382	Engineering	\$100,000	\$100,000	\$0	0.0%
5383	Financial Services	\$21,000	\$21,000	\$0	0.0%
5384	Computer Services	\$389,000	\$375,000	\$14,000	3.7%
5410	Salaries, Admin.	\$1,741,408	\$1,630,182	\$111,227	6.8%
5411	Salaries - Field	\$2,275,124	\$2,246,102	\$29,022	1.3%
5420	Payroll Taxes	\$292,001	\$292,382	(\$382)	(0.1%)
5435	Employee Medical Insurance	\$635,371	\$568,967	\$66,404	11.7%
5436	Retiree Medical Insurance	\$88,355	\$84,648	\$3,707	4.4%
5440	Employee Retirement	\$859,161	\$786,968	\$72,193	9.2%
5445	SIP 401a Plan	\$41,472	\$41,472	\$0	0.0%
5510	Motor Vehicle Exp.	\$80,000	\$80,000	\$0	0.0%
5620	Office, Billing & Facilities Expenses	\$400,000	\$400,000	\$0	0.0%
5625	Meetings/Training/Seminars	\$54,100	\$52,900	\$1,200	2.3%
5630	Insurance	\$363,500	\$314,900	\$48,600	15.4%
5687	Memberships & Subscriptions	\$129,900	\$126,900	\$3,000	2.4%
5688	Election Expense	\$20,000	\$0	\$20,000	
5689	Labor Relations	\$6,000	\$6,000	\$0	0.0%
5700	County Fees	\$34,800	\$33,900	\$900	2.7%
5705	State Fees	\$60,000	\$51,900	\$8,100	15.6%
5910	Loss/gain on disposal of assets	\$0	\$0	\$0	-
Total Operating Expenses		\$12,646,093	\$12,298,011	\$348,083	2.8%
CAPITAL ACCOUNTS					
5715	Existing Bond-CIEDB 11-099	\$334,819	\$334,998	(\$179)	(0.1%)
5716	CIEDB 16-111	\$320,337	\$320,883	(\$547)	(0.2%)
5717	Chase-2018 Loan	\$437,180	\$432,880	\$4,300	1.0%
5718	First Foundation Bank - 2022	\$417,295	\$417,365	(\$70)	(0.0%)
5719	Debt Service - 2025 COP Issuance	\$599,800	\$530,813	\$68,987	13.0%
Total Capital Accounts		\$2,109,430	\$2,036,939	\$72,491	3.6%
TOTAL REVENUE LESS TOTAL EXPENSE		\$4,083,078	\$4,162,350	(\$79,273)	