STAFF REPORT

To:	**Coastside County Water District Board of Directors**
From:	**Jeffrey Schneider, Assistant General Manager of Finance and Administration**
Agenda:	**July 14, 2026**
Report Date:	**July 10, 2026**
Agenda Title:	Fiscal 2025-2026 Year-End Financial Results - Preliminary

---

Recommendation/Motion:

Information Only.

Background:

The attached Period Budget Analysis summarizes preliminary results for the Fiscal Year ending June 30, 2026. The results include preliminary estimates of year-end expense accruals but exclude depreciation, year-end audit and other adjustments that will be finalized by December, 2026.

Highlights include:

- Year-to-date operating revenue is $14,747,000, which is $1,116,000, or 7.0%, below budget; actual water sales volume of 496.2 million gallons (MG), is 46.3 MG, or 8.5%, below the budget for FY 2025-26, and 19.7 MG below the previous year;
- Year-to-date non-operating revenue is $3,079,000 which is $444,000, or 16.9%, above budget, and includes the following positive variances:
  - $156,000 in Excess ERAF refunds;
  - $132,000 in miscellaneous revenue that included a water recycling program planning grant of $92k plus $44k for insurance reimbursement for storm damaged truck.
  - $121,000 of interest income due to higher-than-expected LAIF interest rates and the impact of COP funds that have now been exhausted in support of the Carter Hill Prestressed Concrete Tank project;
  - $32,000 of property tax receipts;
  - $3,000 of other income.

Total Revenues are thus $17,826,000, which is $671,000 or 3.6% below budget.

- Year-to-date operating expenses of $10,791,000 are $1,507,000, or 12.3%, below budget.

Expense savings versus budget include:

- $835,000 in SFPUC water purchases, as actual SFPUC volumes of 251.7 MG for the year are 116.3 MG, or 31.6%, below the budget;
- $437,000 savings in salaries and benefits as a result of vacancies;
- $243,000 savings in PG&E expenses, largely due to use of local sources and the Pilarcitos Reservoir (a gravity source) vs. the Crystal Springs pump station;
- $129,0000 savings in operation and maintenance expenses;
- $51,000 savings in other expenses, including consulting, memberships, election and other fees.

Expenses above budget include:

- $98,000 of computer services expenses, including:
    1. $37,000 for the migration of the ESRI GIS and Cityworks asset management applications to the cloud;
    2. $9,000 to upgrade the WIMS water data management application; and
    3. $43,000 for the replacement of personal computers that were beyond their useful life.
- $24,000 of legal expenses due to labor and employment, cell tower lease renewals, environmental, and administrative fees;
- $19,000 of engineering expenses associated with a miscellaneous studies.
- $47,000 of other expenses, including office supplies, vehicle expense, and uniforms.

- *The net impact of the revenue shortfall and expense savings is a positive variance of $836,000 for the year.*
- *Contributions to the Capital Improvement Program and Reserves are $4,998,000 versus the budget of $4,162,000.*

Cash Reserves:

The current cash balance as of June 30, 2026 is $8,640,000.

Capital Improvement Program (CIP):

CIP spend totaled $15,784,000 against an approved plan of $15,050,000 for the year. The $734,000 variance is primarily due to spending for the Upper Pilarcitos Well Field Replacements project ($1,860,000 above budget, as anticipated) and the timing of spending on the Carter Hill Tank Project ($1,162,000 above budget for this fiscal year). The San Vicente/Denniston Water Development Project was under budget by $1,972,000 and the Highway 92 Pipeline Project, completed this year, was under budget by $434,000.

Major projects included:

- Carter Hill Prestressed Concrete Tank and Seismic Upgrades Project (Construction) - $10,162,000
- Upper Pilarcitos Wellfield Replacement (construction) - $3,860,000
- Highway 92 – Potable Water Pipeline Emergency Restoration Project (complete) - $266,000
- San Vicente / Denniston Water Supply Development (on-going) - $228,000
- Pilarcitos Canyon Culvert Replacement (complete) - $188,000
- Fire Hydrant Replacement (on-going) - $178,000
- Potable Water Master Tank Plan (Feasibility) - $175,000
- Tanks – THM Control (on-going) - $155,000
- Nunes Sedimentation Basin Rehabilitation (design) - $153,000
- Vehicle Fleet Replacement (complete) - $101,000

COASTSIDE COUNTY WATER DISTRICT - PERIOD BUDGET ANALYSIS

Preliminary

For Fiscal Year Ending 6/30/2026

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance	Comments
OPERATING REVENUE						
1-0-4120-00	Water Revenue -All Areas	15,862,300.00	14,746,756.80	(1,115,543.20)	-7.03%	Water volumes (496 MG) are 7.0% below budget and 3.8% below prior year
TOTAL OPERATING REVENUE		**15,862,300.00**	**14,746,756.80**	**(1,115,543.20)**	**-7.03%**	
NON-OPERATING REVENUE						
1-0-4170-00	Water Taken From Hydrants	60,000.00	65,024.35	5,024.35	8.37%	
1-0-4180-00	Late Notice -10% Penalty	100,000.00	101,344.20	1,344.20	1.34%	
1-0-4230-00	Service Connections	15,000.00	11,299.80	(3,700.20)	-24.67%	
1-0-4920-00	Interest Earned	385,000.00	506,248.46	121,248.46	31.49%	Higher than expected cash balances and interest rates
1-0-4930-00	Tax Apportionments/Cnty Checks	1,231,000.00	1,262,911.32	31,911.32	2.59%	
1-0-4950-00	Miscellaneous Income	5,000.00	137,059.89	132,059.89	2641.20%	Water Recycling Program Planning Grant of $92k plus $44k for insurance reimbursement for storm damaged truck
1-0-4955-00	Cell Site Lease Income	239,000.00	239,939.50	939.50	0.39%	
1-0-4965-00	ERAF REFUND -County Taxes	600,000.00	755,525.92	155,525.92	25.92%	
TOTAL NON-OPERATING REVENUE		**2,635,000.00**	**3,079,353.44**	**444,353.44**	**16.86%**	
TOTAL REVENUES		**18,497,300.00**	**17,826,110.24**	**(671,189.76)**	**-3.63%**	
OPERATING EXPENSES						
1-1-5130-00	Water Purchased	2,873,340.00	2,038,606.47	834,733.53	29.05%	SFPUC use is 116 MG (32%) below budget and 117 MG (32%) below prior year
1-1-5230-00	Pump Exp, Nunes T P	72,100.00	59,911.88	12,188.12	16.90%	
1-1-5231-00	Pump Exp, CSP Pump Station	500,000.00	272,020.26	227,979.74	45.60%	Lower than budgeted use of Crystal Springs pump station
1-1-5232-00	Pump Exp, Trans. & Dist.	38,300.00	30,413.94	7,886.06	20.59%	
1-1-5233-00	Pump Exp, Pilarcitos Canyon	87,000.00	71,315.56	15,684.44	18.03%	
1-1-5234-00	Pump Exp. Denniston	112,650.00	133,365.58	(20,715.58)	-18.39%	
1-1-5242-00	CSP Pump Station Operations	11,000.00	16,214.98	(5,214.98)	-47.41%	
1-1-5243-00	CSP Pump Station Maintenance	50,000.00	46,820.27	3,179.73	6.36%	
1-1-5246-00	Nunes T P Operations	89,500.00	56,988.52	32,511.48	36.33%	Lower than budgeted chemical purchases
1-1-5247-00	Nunes T P Maintenance	140,000.00	94,873.95	45,126.05	32.23%	Required maintenance at Nunes has been below budgeted levels
1-1-5248-00	Denniston T.P. Operations	73,000.00	78,320.49	(5,320.49)	-7.29%	
1-1-5249-00	Denniston T.P. Maintenance	171,400.00	132,515.22	38,884.78	22.69%	
1-1-5250-00	Laboratory Services	85,000.00	103,570.01	(18,570.01)	-21.85%	
1-1-5260-00	Maintenance -General	400,000.00	352,905.06	47,094.94	11.77%	
1-1-5261-00	Maintenance -Well Fields	0.00	9,136.28	(9,136.28)	0.00%	Emergency replacement pump and motor - Well 3A
1-1-5263-00	Uniforms	15,000.00	19,145.05	(4,145.05)	-27.63%	
1-1-5318-00	Studies/Surveys/Consulting	160,000.00	158,064.65	1,935.35	1.21%	
1-1-5321-00	Water Resources	18,000.00	6,633.40	11,366.60	63.15%	
1-1-5322-00	Community Outreach	63,500.00	64,417.35	(917.35)	-1.44%	
1-1-5381-00	Legal	125,000.00	149,135.02	(24,135.02)	-19.31%	Labor and employment, cell tower lease renewals
1-1-5382-00	Engineering	100,000.00	119,258.17	(19,258.17)	-19.26%	Miscellaneous engineering studies
1-1-5383-00	Financial Services	21,000.00	22,147.85	(1,147.85)	-5.47%	

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance	Comments
1-1-5384-00	Computer Services	375,000.00	472,671.75	(97,671.75)	-26.05%	Migration of GIS and asset mgmt applications to the cloud ($37,000), an upgrade to water data mgmt. application ($9,000), replacement of computers ($43,000)
1-1-5410-00	Salaries/Wages-Administration	1,630,182.00	1,523,943.77	106,238.23	6.52%	Vacancy in Customer Service filled in October and lower than planned overtime
1-1-5411-00	Salaries & Wages -Field	2,246,102.00	2,017,401.84	228,700.16	10.18%	Operator position vacancies filled by Maintenance staff, open Temp help position
1-1-5420-00	Payroll Tax Expense	292,382.00	256,758.22	35,623.78	12.18%	Directly related to salary variance versus budget
1-1-5435-00	Employee Medical Insurance	568,967.00	554,670.33	14,296.67	2.51%	
1-1-5436-00	Retiree Medical Insurance	84,648.00	66,763.07	17,884.93	21.13%	Lower than budgeted costs for recent retirees
1-1-5440-00	Employees Retirement Plan	786,968.00	754,227.20	32,740.80	4.16%	
1-1-5445-00	Supplemental Retirement 401a	41,472.00	39,600.00	1,872.00	4.51%	
1-1-5510-00	Motor Vehicle Expense	80,000.00	87,613.08	(7,613.08)	-9.52%	
1-1-5620-00	Office Supplies & Expense	400,000.00	432,268.61	(32,268.61)	-8.07%	
1-1-5625-00	Meetings / Training / Seminars	52,900.00	49,059.14	3,840.86	7.26%	
1-1-5630-00	Insurance	314,900.00	315,684.20	(784.20)	-0.25%	
1-1-5687-00	Membership, Dues, Subscript.	126,900.00	114,981.54	11,918.46	9.39%	
1-1-5689-00	Labor Relations	6,000.00	0.00	6,000.00	100.00%	
1-1-5700-00	San Mateo County Fees	33,900.00	18,033.16	15,866.84	46.80%	
1-1-5705-00	State Fees	51,900.00	51,885.61	14.39	0.03%	
TOTAL OPERATING EXPENSES		**12,298,011.00**	**10,791,341.48**	**1,506,669.52**	**12.25%**	
CAPITAL ACCOUNTS						
1-1-5715-00	Debt Srvc/CIEDB 11-099 (I-BANK)	334,998.00	334,998.13	(0.13)	0.00%	
1-1-5716-00	Debt Srvc/CIEDB 2016 (I-BANK)	320,883.00	320,883.44	(0.44)	0.00%	
1-1-5717-00	Chase Bank - 2018 Loan	432,880.00	432,880.02	(0.02)	0.00%	
1-1-5718-00	First Foundation Bank - 2022	417,365.00	417,364.95	0.05	0.00%	
1-1-5718-00	Debt Srvc-2025 COP Issuance	530,813.00	530,622.89	190.11	0.04%	
TOTAL CAPITAL ACCOUNTS		**2,036,939.00**	**2,036,749.43**	**189.57**	**0.01%**	
TOTAL EXPENSES		**14,334,950.00**	**12,828,090.91**	**1,506,859.09**	**10.51%**	
	CONTRIBUTION TO CIP/RESERVES	**4,162,350.00**	**4,998,019.33**			