BIENNIAL BUDGET

OPERATING, NON-OPERATING, AND CAPITAL IMPROVEMENT BUDGET



RAINBOW
MUNICIPAL WATER DISTRICT

BIENNIAL BUDGET
FISCAL YEARS:
2026-2027 AND 2027-2028

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MUNICIPAL WATER DISTRICT

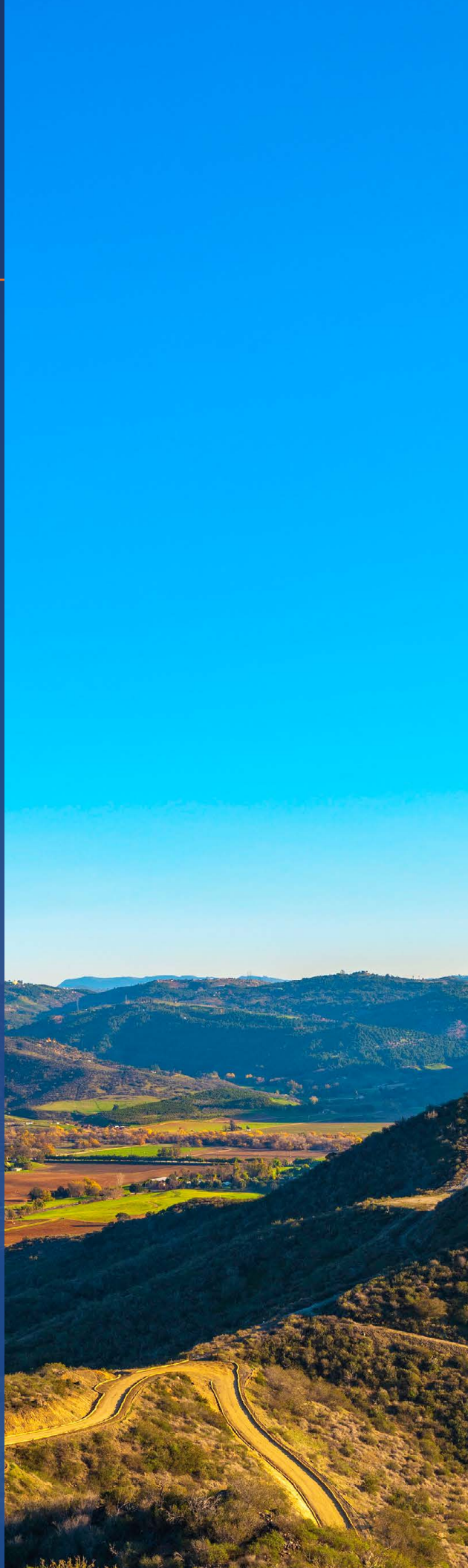


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BIENNIAL BUDGET
OPERATING, NON-OPERATING, AND CAPITAL IMPROVEMENT BUDGET

TABLE OF CONTENTS

Executive Summary	1
Budget Message	2-14
District Officials & Staff	15-16
Mission Statement & Core Values	17-18
Certificate of Award	19-20
Profile of the District	21-30
District Service Area Map	31-32
Strategic Plan	33-38
Personnel Summaries	39
Staffing Overview	40
Staffing Levels	41-42
Staffing Analysis	43-48
Department Summaries	49-50
Administration	51-53
Administrative Services	54-61
Engineering	62-65
Finance	66-74
Information Technology	75-79
Operations	80-92
Financial Policies	93
Reserve Summary	94
Basis of Budget & Accounting	95-97
Budget Calendar	98
Description of Major Funds	99-100
Department Fund Relationships	101-102
Revenue & Expense Assumptions	103-108
Fund Structure	109-110





Operating & Non Operating Budget 111
Water Fund Budget Summary 112
Water Fund Budgeted Revenues 113
Water Fund Budgeted Expenses 114-120
Debt Service 121-128
Wastewater Fund Budget Summary 129-130
Wastewater Fund Budgeted Revenues 131
Wastewater Fund Budgeted Expenses 132-133
General Fund Budget Summary 134-136
General Fund Budgeted Revenues 137-138
General Fund Budgeted Expenses 139-149
Operating Funds Summary 150
Labor Trend 151-152
Revenue Trend 153-154

Capital Budget 155
Capital Projects Overview 156º
Five-Year Water CIP Plan 157
Five-Year Wastewater CIP Plan 158

Appendix 159
Glossary 159-160
About Rainbow Water 161-162

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EXECUTIVE SUMMARY

Fiscal Years 2026-2027 and 2027-2028

Budget Message

June 30, 2026

To our Ratepayers, Members of the Budget & Finance Committee, and the Board of Directors of Rainbow Municipal Water District:

On behalf of the Rainbow Municipal Water District (Rainbow Water), we are pleased to present Fiscal Years 2026-27 and 2027-28 Operating, Non-Operating and Capital Improvement Budgets. The budget provides a forecast of the sources and uses of funds over the next two fiscal years and serves as a critical leadership tool for aligning resources with the District's Strategic Plan. It was developed through a transparent and inclusive process, including public workshops where ratepayers and community members were invited to provide input, ask questions, and better understand the factors shaping the District's financial decisions.

The adopted budget reflects a careful balance between the District's **dual responsibilities:** ensuring the reliability of our essential water and wastewater services and maintaining fiscal responsibility and rate stability for our customers. The budget prioritizes operational excellence, strategic investment in infrastructure, and prudent reserve management to protect the District's long-term financial health.

Biennial Budget Development

This year's budget marks the first time in Rainbow Water's recent history of establishing a biennial, two-year budget. The factors that led to the ability to accurately project revenues and expenditures over an extended period are as follows:

- **Stabilization of Water Sales in the Service Area:** Following two decades of steady declines in water sales due to water conservation implementation and the reduction in agricultural acreage in the service area, water sales have normalized in the range of 10,000 to 13,000 acre-feet per year (AFY). This range is dependent on weather patterns as the majority of use is outdoor, but over the past five years has remained increasingly consistent and predictable, stabilizing revenues from water sales.

- **Recovery of Cash and Investment Reserves:** Several years of solid water sales, coupled with cost savings from water purchases and fixed charges due to the switch in wholesale providers, as well as solid internal fiscal discipline has allowed cash and investment reserves to recover to levels that meet the Board's established targets and provide long-term water rate stability. In Fiscal Year 2025-26, the District realized a 29% increase in unrestricted cash reserves, rising from $18.4M to $23.8M, driven primarily by above average water sales and lower operating costs. Total cash and investments increased by 93%, from $22.2M to $42.8M primarily due to the receipt of capacity fees by major developments occurring within the boundary of the District. These prudent funding levels protect the District's customers from rate volatility due to unforeseen emergencies or unique weather patterns that could affect short-term revenues and/or expenditures.

- **Metropolitan's Establishment of a Biennial Budget:** Metropolitan adopted a Biennial Budget that overlaps the District's budgeting period providing fiscal clarity on the District's largest operating cost, it's water purchases.



- **Comprehensive Update to the District's Strategic Plan:** In Fiscal Year 2025-26, the Board took on a comprehensive update to Rainbow Water's Strategic Plan, last updated in 2020, aligning resource allocation to a shared vision by the Board of Directors, the General Manager, and District Staff. The adoption of the Strategic Plan ensures alignment, top to bottom, on goals and priorities and is incorporated into the budget accordingly. This includes fully funded staffing plans, Capital Improvements, and other costs that are all supported by the Board's adopted moderate rate increases over this budgeting period.
- **Completion of Multi-Year Contracts with the District's Bargaining Units:** The Board of Director's adopted a negotiated 5-year Memorandum of Understanding (MOU) with the District's Non-Exempt Bargaining units representing the majority of Rainbow Water's staff. This came on the heels of a 3-year MOU agreement with Exempt staff. These agreements provide known labor and benefits costs for the entirety of Rainbow Water staffing across the biennial budget window and beyond, allowing for accurate expense projection of one of our largest operating costs and our greatest resource, the District's people.

Challenges and Economic Pressures

While the District has realized major cost savings from detachment, external cost pressures continue to affect operations:

- **Wholesale Water Costs:** Despite the shift to EMWD, MWD's treated water, readiness-to-serve, and capacity charges will all increase in 2027 and 2028 by 6.2%.
- **Resource Price Volatility and Lead Times:** Due to market volatility, prices for essential materials—such as steel pipe, valves, and pumps—can change between the time of order and delivery. Extended lead times for specialized equipment can delay capital projects and compound cost increases.
- **Electricity Costs:** SDG&E rate increases continue to place upward pressure on operational expenses.
- **Labor and Benefits Costs:** Health insurance premiums increase more rapidly than general inflation, and retirement system costs can rise depending on market/investments performance.

Water sales have recovered moderately from the prior downward trend, aided by a drier FY 2024–25 winter and optimism among growers following detachment. Added stability from lower-cost water supply and ongoing customer growth is helping offset volatility, and the reduction in new development capacity fees under EMWD policy is expected to encourage future development activity.



Selected FY 2025-2026 Accomplishments

A complete list is provided in the Strategic Plan section of this budget, notable achievements this year included:

- Completion of a comprehensive update to the **District's Strategic Plan.**
- **Completion of a 5-year Memorandum of Understanding** with the District's two largest Employee Bargaining Units (Non-Exempt).
- **Launch of the District's Water and Wastewater Master Plan Update** anticipated for completion in 2028.
- **Completion of the Manual Transfer Switches Project** to improve operational resilience and safety.
- **Advancement of Regional Collaboration** through a Mutual Services Agreement between neighboring agencies.
- Over $9M in **Capital Improvement Project investments.**

Priorities for Fiscal Years 2026-27 & 2027-28 include:

Key initiatives for the coming year focus on reliability, strategic alignment, and long-term financial stability:

- **Accelerate Underground Infrastructure Replacement** utilizing in-house design and construction focused on Pipeline and Valve Replacements.
- **Complete the Water and Wastewater Master Plans,** establishing a data-driven foundation for prioritizing future capital improvement projects.
- **Complete Water Transfer Agreements** to secure uninterruptible local designated supply to increase water reliability during varying hydrologic conditions.
- **Advance Regional Collaboration** through the newly established Mutual Aid Agreement with neighboring agencies, leveraging shared resources for cost efficiency and improved service delivery.
- **Continue Capital Improvement Investments** guided by the five-year CIP, focusing on system reliability and service continuity.

These priorities support the Strategic Plan goals and position the District to sustain high-quality service while protecting ratepayers from unnecessary cost burdens.

Revenue Assumptions

Each year, the Board of Directors approves the Budget as the District's foundational financial plan. It is on a full accrual basis with regard to operating expenses and revenues but cash basis for non-operating expenses (debt service, CIP spending, etc). Specifically, the Budget incorporates conservative revenue estimates, prudent spending plans, and a thorough review of necessary capital improvements to ensure the District's long-term sustainability. In developing the budget, staff considered both internal and external factors, including the economy, weather, regulatory requirements, and the condition and age of the District's infrastructure.

For FY 2026–27 and FY 2027-28, the District has budgeted conservatively, with water sales projected at 10,750 and 10,500 acre-feet, respectively. This reflects continued stability after a long-term downward trend in sales over the previous two decades. While sales are expected to remain stable, each 1,000 acre-feet change in sales equates to roughly $1 million in revenue impact.



Key FY 2026-2027 Revenue Assumptions

Assumption	Details
Projected Water Sales	10,750 acre-feet, based on a conservative water-demand projection.
Account Growth	Limited water-account growth; wastewater revenue projections assume 6,100 equivalent dwelling units (EDUs).
Water Rate Adjustment	5% increase in variable water rates effective January 1, 2027, six months after the start of the fiscal year.
Wholesale Pass-Through	2.9% increase in fixed charges effective January 1, 2027, for wholesale cost recovery, with no District O&M increase in the fixed component. MWD treated-water costs increase 6.2%.
Wastewater Rates	13% increase in monthly charges per EDU effective July 1, 2026, consistent with the five-year cost-of-service rate plan.
Anticipated Interest Earnings	4% average annual yield applied to projected monthly cash balances.
Anticipated Grant Awards	Approximately $1.6 million in EPA grant funding for wastewater lift-station emergency generator replacements, supplemented by approximately $400,000 in District matching funds.

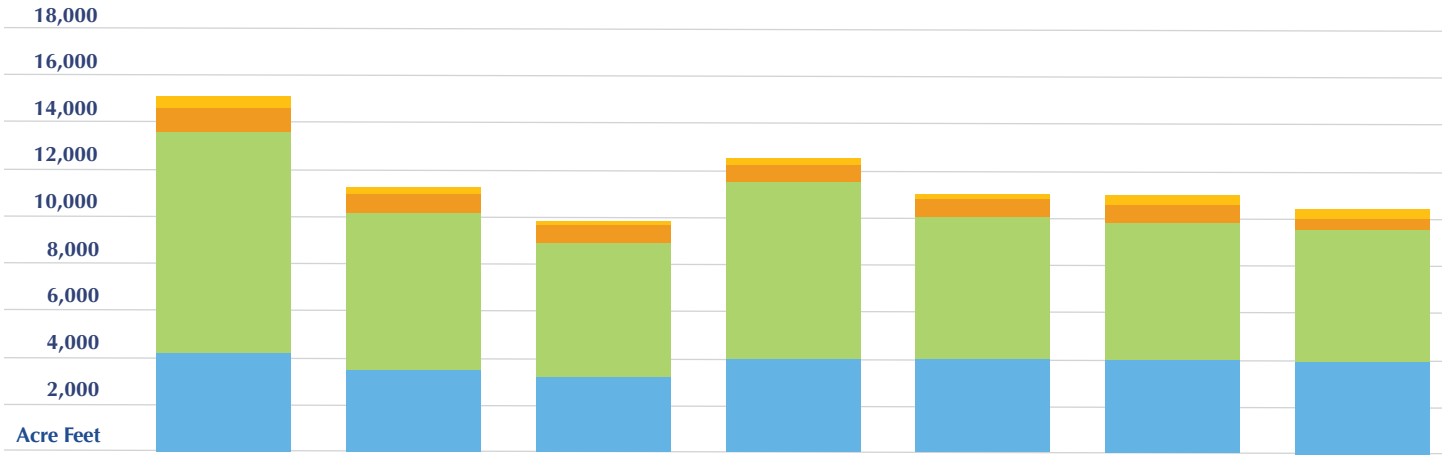


California Aqueduct at Metropolitan Water District's Skinner Treatment Plant in Temecula, Riverside County

Key FY 2027-2028 Revenue Assumptions

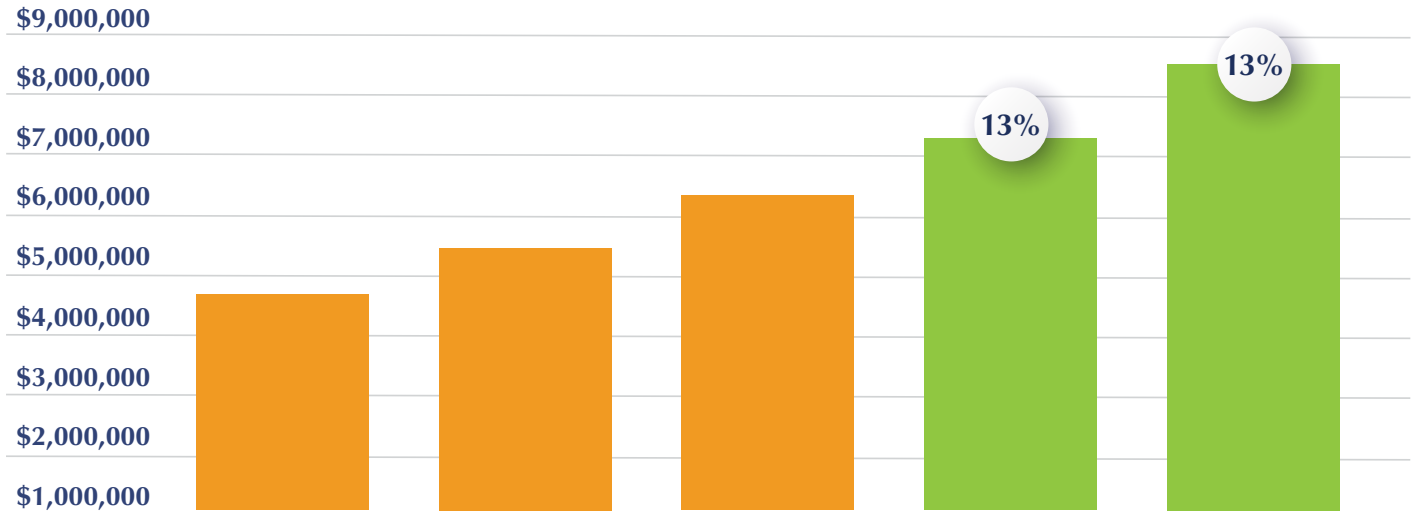
Assumption	Details
Projected Water Sales	10,500 acre-feet, reflecting a continued conservative outlook for water demand.
Account Growth	Limited water-account growth; wastewater revenue projections assume 6,300 equivalent dwelling units (EDUs).
Water Rate Adjustment	Increase of 5% in variable water rates effective January 1, 2028, six months after the start of the fiscal year.
Wholesale Pass-Through	Increase of 3.8% in fixed charges effective January 1, 2028, for wholesale cost recovery, with no District O&M increase in the fixed component. MWD treated-water costs increase 6.2%.
Wastewater Rates	Increase of 13% in monthly charges per EDU effective July 1, 2027, consistent with the five-year cost-of-service rate plan.
Anticipated Interest Earnings	Average 4% annual yield applied to projected monthly cash balances.
Anticipated SRF Financing Grant Awards	Anticipated $20 million State Revolving Fund (SRF) loan in FY 2027-2028 for the North River Road sewer pipeline replacement project, subject to funding approval.

Water Sales (AF)



Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Projected	FY 2027 Budget	FY 2028 Budget
Construction	230	144	48	74	59	99	97
CII	954	799	655	863	717	712	696
Agriculture	9,614	7,398	5,963	7,945	6,212	6,630	6,370
Residential	4,091	3,494	3,307	4,024	3,619	3,309	3,337
TOTAL WATER SALES	**14,889**	**11,835**	**9,974**	**12,906**	**10,607**	**10,750**	**10,500**

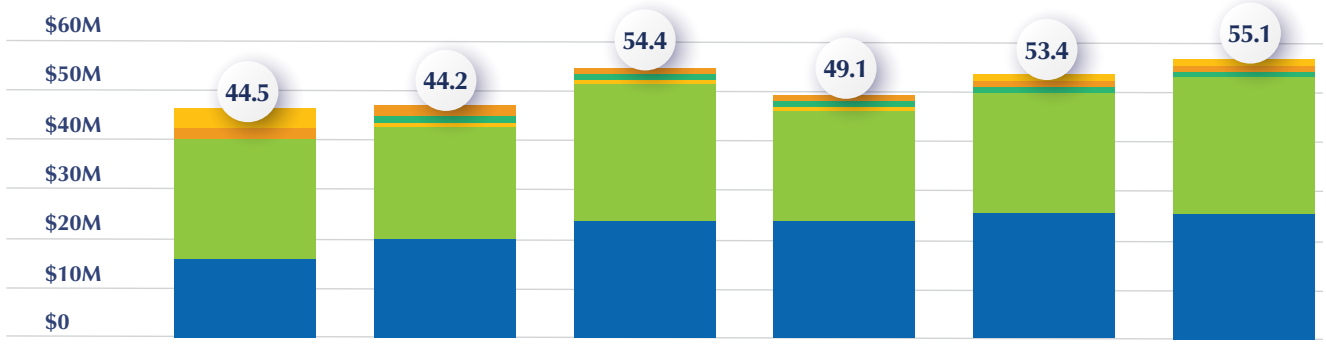
Wastewater Revenue Breakdown



Description	FY 24 Actual	FY 25 Actual	FY 2026 Projected	FY 2027 Budget	FY 2028 Budget
Wastewater Revenue	$4,712,357	$5,581,798	$6,421,077	$7,355,934	$8,584,934



Water Revenue Breakdown



Description	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Projected	FY 2027 Budget	FY 2028 Budget
Capacity Fees	2.91				3.01	3.01
Property Tax Revenue & Charges	1.08	1.04	0.58	0.53	0.58	0.60
Investment Income	0.31	0.46	0.60	0.76	0.56	0.63
Other Revenues	0.33	0.43	0.34	0.29	0.26	0.27
Consumption Charges	23.52	22.60	31.31	26.26	26.71	27.39
Fixed Charges	16.40	19.71	21.56	21.27	22.30	23.16

Expense Assumptions

More than half of the District's operating expenses are for wholesale water purchases. Following detachment, the District now pays EMWD just $12 per acre-foot above MWD's wholesale rate as an administrative fee, producing substantial annual savings. These savings are partially offset by the financing and repayment of the detachment exit fee and the debt service on the three new pump stations built to make detachment possible. Even with these offsetting costs, the net result is greater rate stability and long-term financial solvency.

For FY 2026–2027 and FY 2027-2028, the District's major cost drivers include:

- **Wholesale Water Purchases:** Metropolitan treated-water rates increase by 6.2% effective January 1, 2027, followed by another 6.2% increase effective January 1, 2028.
- **CalPERS Unfunded Accrued Liability Payments:** Required UAL payments increase by approximately 12% in FY 2026-27 and 4% in FY 2028, reflecting investment performance and actuarial analysis.
- **Labor and Employee Benefits:** Water Fund labor costs are budgeted at approximately $9.5 million in FY 2026-27 and $10 million in FY 2027-28. Budget assumptions include a 10% increase in health insurance premiums, an average 2.6% cost-of-living adjustment, and average merit increases of 4%. The budget also includes staffing for the in-house construction crew, which is expected to reduce contractor expenditures and generate net savings.
- **Electricity:** The biennial budget assumptions reflect a 16% increase in SDG&E electricity costs, affecting pumping, treatment, and other facility operations.
- **Wastewater treatment:** Contractual treatment costs paid to the City of Oceanside are projected to increase by 16% in each fiscal year, placing continued pressure on the Wastewater Operating Fund.
- **Regulatory Compliance:** The budget includes expenditures associated with fleet transition and EV infrastructure requirements, backflow prevention, and water and wastewater permitting. These activities require equipment investments, inspections, maintenance, monitoring, and staff support.

Capital and Equipment Investments:

- **$500,000** is budgeted annually in FY 2026-27 and FY 2027-28 to replace aging vehicles essential to serving the District's rural service area.
- **$8.8 million and $8.1 Million** in water fund capital improvement projects and **$1.9 Million** and **$1.6 Million** in wastewater capital projects are included for FY 2026-27 and FY 2027-28, respectively. A detailed list of planned CIP projects can be found in the Capital section of this budget document.

The District continues to mitigate cost increases through operational efficiencies, chemical use reduction, demand-side energy management, and cooperative purchasing agreements with regional partners. These measures help maintain affordability for ratepayers while keeping essential investments and reserve funding on track.

Five-Year Financial Projections and Target Reserve Levels

Based on current five-year projections, the District is on track to meet Board-adopted reserve targets for both the Water and Wastewater Funds by **FY 2030–31**. This financial stability is a direct result of disciplined budget management, the cost benefits of detachment, and a deliberate approach to balancing rate adjustments with long-term infrastructure needs.

Included in the projection are the following major assumptions for FY 2028-29 through FY 2030-31, projecting forward from the detailed FY 2026-27 and FY 2027-28 biannual budget:

Assumption	FY 2026-2027	FY 2027-2028
Sales	10,750 acre-feet	10,500 acre-feet
Water Retail Rate Increases	5% variable rate increase and 2.9% fixed-charge increase effective January 1, 2027	5% variable rate increase and 3.8% fixed-charge increase effective January 1, 2028
Wastewater Retail Rates	13% increase in monthly charges per equivalent dwelling unit (EDU) effective July 1, 2026	13% increase in monthly charges per EDU effective July 1, 2027
Capacity Fees	2.4% increase ENR CCI	2% increase ENR CCI
Wholesale water costs	Metropolitan treated-water rates: +6.2% effective January 1, 2027	Metropolitan treated-water rates: +6.2% effective January 1, 2028
Labor and pension	**Labor:** $11.2M, COLA 2.6% **Health insurance:** 10%, Merit 4% **CalPERS UAL:** 12% increase	**Labor:** $12M includes in-house construction crew, savings in contractor costs **CalPERS UAL:** 4% increase
Utilities, supplies and services	**Planning baseline:** 3.8% CPI, 6% electricity-cost growth, and 17% fuel-cost growth	**Planning baseline:** 4% CPI, 10% electricity-cost growth, and 5% fuel-cost growth
Wastewater treatment	**City of Oceanside O&M:** $2.3M	**City of Oceanside O&M:** $2.7M
CIP Budget Amount	**Water Capital:** $8.8M **Wastewater Capital:** $2M A detailed project list is available in the CIP Section on page 153	**Water Capital:** $8.1M **Wastewater Capital:** $1.6M A detailed project list is available in the CIP Section on page 153
Debt	**Existing debt service:** $8.2M, including pump station and detachment financing	Anticipated $20M SRF loan for North River Road sewer replacement, subject to funding approval

The District's reserve policy targets protect against revenue volatility, ensure funding for critical emergency response, and sustain long-term infrastructure investment. By maintaining steady progress toward these targets while continuing to invest in system reliability, the District can avoid sudden, unplanned rate increases and ensure predictable, sustainable service delivery.

Capital Investment and Financing

The five-year CIP totals $41.8 million for Water and $30.6 million for Wastewater, or $72.4 million combined. The table below follows the attached five-year project schedules. Fiscal years refer to the year ending June 30.

Planned Spending	FY 27	FY 28	FY 29	FY 30	FY 31
Water CIP	$8.805M	$8.085M	$12.325M	$6.950M	$5.650M
Wastewater CIP	$1.960M	$1.600M	$20.200M	$1.850M	$5.000M
Combined CIP	$10.765M	$9.685M	$32.525M	$8.800M	$10.650M
Existing Water Loan Payments	$6.340M	$6.340M	$5.087M	$5.087M	$5.087M
Existing Wastewater Loan Payments	$663K	$663K	663K	663K	663K

Existing loan payments exclude the planned SRF loan and other cash obligations, including settlement payments and City of Oceanside capital contributions. Figures are rounded.

Water priorities include the $2.3 million Wild Acres Pump Station and $1.9 million Eagles Perch pipeline improvements in FY 2027, the $2.4 million Gopher Canyon pipeline improvements in FY 2028, and continuing valve replacement, tank recoating, and water-quality upgrades. The program also provides $500,000 annually for vehicles and equipment and $530,000 in FY 2027 for the financial ERP system.

Wastewater priorities include $1.1 million for Valley Oaks/Pala Mesa CIPP and manhole rehabilitation in FY 2027 and $1 million for I-15 crossing lining in FY 2028. FY 2029 includes $12 million for North River Road sewer replacement and $7 million for LS-1 Rehabilitation/School House Lift Station, creating the largest concentration of capital spending in the plan.

Financing and Reserve Recovery

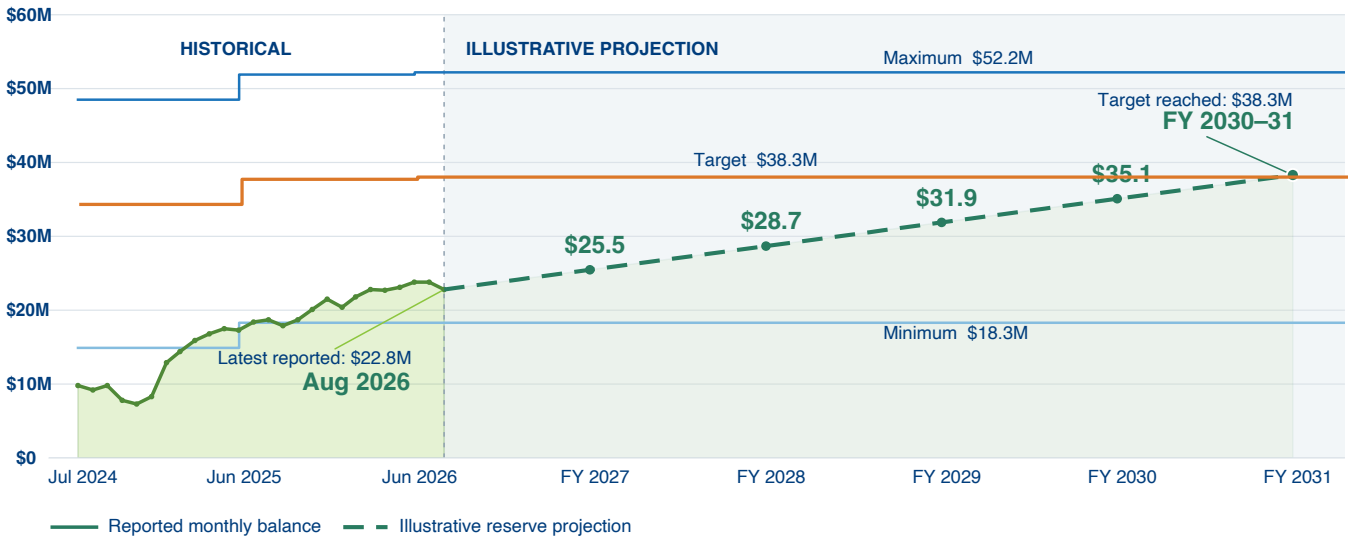
The financing strategy includes a planned $20 million State Revolving Fund loan for sewer capital improvements, subject to funding approval, eligible project scope, and final loan terms. Draws will be coordinated with construction expenditures. New loan proceeds are a capital-financing source, not operating revenue or unrestricted reserves; future repayment obligations will be incorporated into debt-service and reserve planning.

Funding pressure is greatest when major sewer construction precedes loan draws or capacity-fee collections. Delayed receipts, higher project costs, or lower operating revenues could require project rephasing, additional financing, or reserve use. Restricted capacity fees support only eligible capital purposes, so capital funding and unrestricted reserve recovery are evaluated separately.

The forecasted FY 2030-31 unrestricted reserve target date depends on sustained net cash generation after all operating, capital, and financing obligations. Policy targets are updated annually. Minimum liquidity includes three months of budgeted operating costs excluding depreciation and one year of loan and bond debt service, net of applicable restricted debt reserves. Rate stabilization equals 10% of eligible annual revenues; capital replacement uses estimated annual depreciation on current replacement value over a 75-year life. Beginning and ending reserves are assessed against targets separately for Water and Wastewater; the District-wide target date does not establish identical attainment dates for both funds.

Reserve Balance History and Target Tracking

Unrestricted Portfolio: July 2024 through June 2031



Description	FY 27	FY 28	FY 29	FY 30	FY 31
Projected ending balance	$25.5M	$28.7M	$31.9M	$35.1M	$38.3M
Shortfall to $38.3M target	$12.8M	$9.6M	$6.4M	$3.2M	$0.0M

Projection Assumptions

Straight-line reserve growth of $0.267 million per month (about $3.21 million annually), from August 2026 to June 2031. Forecast target lines remain at the displayed FY 2027 levels; future policy targets must be recalculated annually. Illustrative planning path, not a cash-flow forecast. CIP, planned $20M SRF financing, debt payments and EMWD prepayments are not separately modeled. Restricted loan proceeds are not included as unrestricted reserves.



Future Outlook & Conclusion

The District's financial position is stronger and more stable than it has been in years. As a 100% imported water agency, the cost and reliability of wholesale supply will always be central to our financial planning. By securing a lower-cost, long-term supply agreement with EMWD and MWD, the District has provided stability to customer rates and has a renewed commitment to capital investment in its aging infrastructure.

While rates are not expected to decline, customers are already benefiting from more moderate and predictable increases, allowing the District to maintain service reliability, invest in infrastructure, and build reserves without creating sudden affordability challenges. During this upcoming biennial budget cycle, we will update our water rate model to ensure rates most accurately reflect the results of detachment, support the district's agricultural community, and remain fair and equitable for all customer classes, as required by law.

With a disciplined approach to managing costs, planning for future capital needs, and maintaining strong reserves, Rainbow Water is well-positioned to meet the community's needs long-term.

Respectfully submitted,

Jake Wiley
General Manager

Konstantin Shilkov
Chief Financial Officer








RAINBOW
VALEW
VALEW

District Officials



Rainbow Water Board of Directors & Staff

ELECTED BOARD OF DIRECTORS



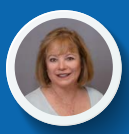
Lisa Hoffman
Director
Division 1



Hayden Hamilton
President
Director, Division 2



Greg Irvine
Director
Division 3



Patti Townsend-Smith
Director
Division 4



Michael Mack
Vice President
Director, Division 5



General Manager
Jake Wiley



Finance Manager/
Chief Financial Officer
Konstantin Shilkov



Administrative
Services Manager
Karleen Harp

RAINBOW
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MUNICIPAL WATER DISTRICT



Engineering & CIP
Manager
Chad Williams



Information
Technology Manager
Ahmed Khattab



Operations Manager
COO
Robert Gutierrez

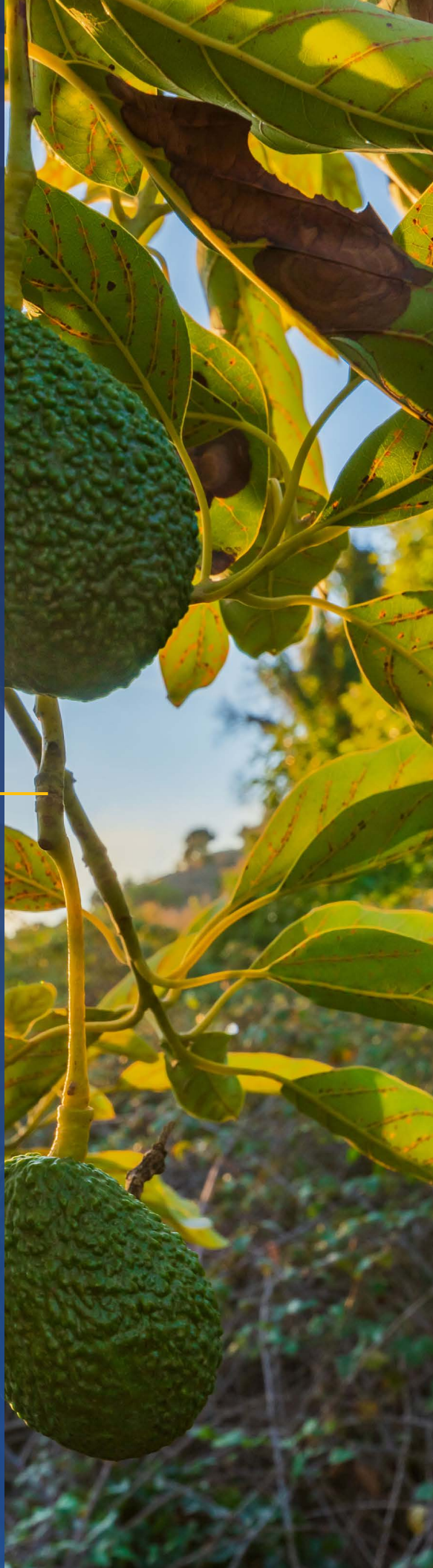
Mission, Vision, & Core Values

Mission

To help our community grow and thrive by delivering exceptional and cost-effective water and wastewater services.

Vision

Cultivating customer confidence and community trust through responsive, efficient, and fiscally sustainable service.



Core Values

Background

Rainbow Water's five core values of Integrity, Professionalism, Responsibility, Teamwork, and Innovation guide how employees serve customers and work with one another. The 2026-2030 Strategic Plan kept the values and refreshed their definitions to reflect current priorities.

Since 2017, the Excellence Coin program has brought these values to life through peer-to-peer recognition. Employees award coins to colleagues whose actions demonstrate a core value, with one coin for each value. The program awards dozens of coins each year, and more than 15 employees have earned all five.

Overview of the Excellence Coin Program

The program includes a series of six Excellence Coins, each designed to symbolize a particular District focus area. The first coin in the series "Commitment to Excellence" is issued to all new employees, Board Members, and Committee members upon joining the District as a tangible welcome gift and reminder of our purpose. Each of the remaining coins will only be issued after nomination and selection by management or peer employee groups.



Innovation
We embrace new ideas, modern tools, and continuous learning, using data, technology, and creative approaches to improve efficiency, strengthen system resilience, enhance customer experience, and drive smarter decisions across the organization.



Integrity
We act with strong ethics, honesty, and accountability, communicating openly and making decisions that build public trust while supporting responsible financial management, regulatory compliance, workplace safety, and resilient operations.



Professionalism
We treat others with respect, and demonstrate the high-quality service, reliability, and customer focus expected of a public agency committed to operational excellence and continuous improvement.



Responsibility
We carefully steward public resources, follow through on our commitments, and proactively maintain the infrastructure, systems, and safeguards that ensure reliable service delivery, fiscal stability, and longterm community resilience.



Teamwork
We collaborate across departments, with our Board of Directors, customers, and partner agencies to openly share information, solve problems, and support a culture where everyone contributes to high-quality service.

Certificate of Award





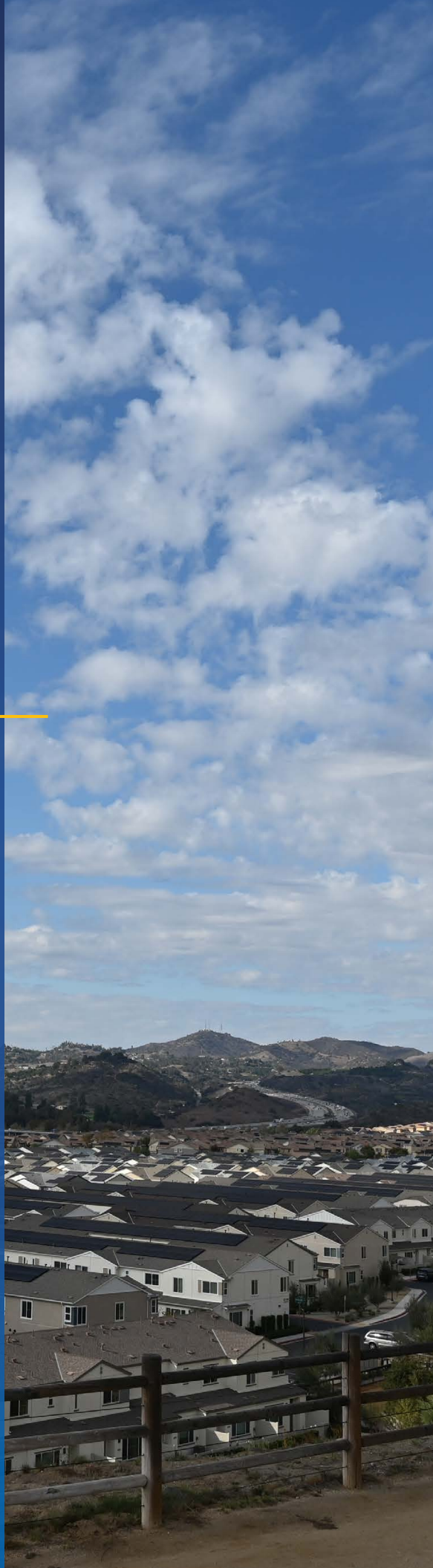


Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented the award of Distinguished Budget Presentation Award to Rainbow Municipal Water District for the annual budget for the fiscal year beginning July 1, 2025. To receive this award a governmental unit must publish a budget document of the very highest quality that adheres to the program standards set by the GFOA. The award is valid for a period of one year only. Rainbow Water is confident the FY 2027 budget continues to meet the program requirements and is scheduled to be submitted to the GFOA to determine its eligibility for another award.

Profile of The District

The District was organized on December 20, 1953, under the Municipal Water District Law of 1911 (commencing with section 71000 of the California Water Code). The Board of Directors is composed of five members elected by the District's divisions for four-year alternating terms, with the president elected by the Board from among its members. Administration of the system is carried out by a staff of 59 full-time equivalent employees under the direction of the General Manager, Jake Wiley.



Community Served

The District is situated in northwestern San Diego County, approximately two hours driving time from Los Angeles and one hour from San Diego. Comprising a total service footprint of 82 square miles, the District shares common boundaries with Riverside County, Camp Pendleton Marine Corps Base, the unincorporated communities of Valley Center and Fallbrook, and the City of Oceanside. The immediate service area encompasses the unincorporated communities of Rainbow and Bonsall, as well as designated portions of Pala, rural Fallbrook, and Vista.

Regional Economic & Demographic Indicators

To provide baseline context for system demand and rate-setting metrics, the District reconciles regional U.S. Census Bureau American Community Survey (ACS) metrics with its localized utility billing data. The District directly serves approximately 9,127 metered water connections, comprising of 6,770 single-family meters, 126 multi-family meters, and 1,302 agricultural accounts with co-located primary residences, 609 agricultural meters, and 320 commercial, institutional, and construction meters. Utilizing the regional Census baseline of 3.0 persons per household, the District's estimated population served is approximately 27,400 residents, with a regional median age of 39 years. Regional ACS indicators provide supplemental demographic context because Census geographic boundaries do not precisely align with the District's service area.



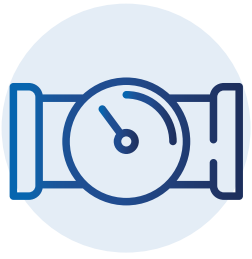
9,127 Households Served



27,400 Residents



Median Age of 39



9,100 Water Connections



1,302 Agriculture Connections

A core driver of the District's utility rate structure is its population sparsity. The District manages an expansive 82-square-mile infrastructure footprint, using just 9,127 active water connections. Furthermore, 1,911 agricultural connections account for 48% of the agency's water operating revenues. Because infrastructure costs are spread across a low-density connection base, each individual meter bears a significantly larger share of fixed operational overhead and capital replacement costs than in dense urban municipal systems.

Technical Budgetary Notes & Boundary Discrepancies

Geographic Non-Contiguity

Users of this budget book should note that special district service boundaries do not align precisely with municipal zoning lines. Consequently, official U.S. Census Bureau geographic boundaries (such as CDPs or the broader Fallbrook CCD) do not perfectly align with the District's parameters. Census data is integrated purely as a close socioeconomic proxy.

Overlapping Jurisdictions

The District's service area significantly overlaps with several key local entities, though it is not completely contiguous with any single one.

Public Safety: Highly integrated with the service boundaries of the North County Fire Protection District.

Educational Districts: Heavily overlaps the geographic boundaries of the Bonsall Unified School District and Vallecitos School District. Additionally, a segment of the northern residential base served by the District is zoned within the Fallbrook Union High School District and its elementary feeds.

Budgetary Projections: Fiscal Years 2027 & 2028

For structural budgeting across Fiscal Year 2027 (July 1, 2026 – June 30, 2027) and Fiscal Year 2028, economic growth and median household income indicators across the District's service footprint are projected to remain stable. Localized economic indicators are expected to align with an estimated annual baseline growth rate of 2.1% to 2.4%.

The District is currently experiencing a slight decrease in agricultural water demand and a slight increase in residential demand driven by new development in the area. Because residential units consume significantly less water than agriculture, this shift does not fully offset the loss of volumetric water sales. However, the new development systematically increases the number of connections that pay fixed service and wastewater fees. This growing base of predictable, fixed revenue will be critical for funding the targeted infrastructure upgrades required to support these new households.

Services Provided

The principal activity of the District is developing and operating a water transmission and distribution system that delivers potable water throughout the service area. Historically, the region was known for its rich agricultural heritage from producing avocados, citrus, flowers, and other crops for regional, national, and international markets. This legacy shaped the District's infrastructure, which was built to meet high seasonal irrigation demands. Over time, agricultural water use has declined due to changing economics, water costs, and development pressures. While agriculture remains the District's largest water use, thousands of new single-family homes have been built along major corridors in recent years. This trend challenges rate stability, as the District must maintain its extensive agricultural-era infrastructure with lower overall sales volumes.

In addition to water service, the District provides sewage collection and disposal service to nearly 3,600 accounts. Under an agreement with the City of Oceanside that dates back to 1973, the City owns the conveyance, treatment, and disposal facilities downstream of the District's conveyance system, while the District retains the contractual right to discharge into the City's wastewater system for treatment and disposal.



Metropolitan Water District's Diamond Valley Lake Reservoir, Hemet, Riverside County

District Powers

The District has broad general powers to acquire, construct, maintain, operate, and repair works for the transmission and distribution of water; reclaim water; exercise eminent domain; levy taxes or fix and collect water charges; establish rules and regulations for water service; contract with federal, state, and local agencies; and join with other public or private entities for the purpose of carrying out any of the powers of the District.

Water Supply Operations

The District imports 100% of its water supply, purchasing it through its wholesale provider, the Eastern Municipal Water District (EMWD), a member agency of the Metropolitan Water District of Southern California (Metropolitan). The water comes directly from Metropolitan's Robert A. Skinner Water Treatment Plant in Temecula, which receives supplies from both the State Water Project (SWP) and the Colorado River Aqueduct. Although agriculture continues to account for a majority of the District's volumetric water sales, all imported water meets domestic water quality standards.

Eastern Municipal Water District

EMWD provides water, wastewater, and recycled water services to nearly one million people across a 682-square-mile service area in western Riverside County and northern San Diego County. California's sixth-largest retail water agency, EMWD serves both retail and wholesale customers and holds a seat on Metropolitan's Board of Directors. EMWD is governed by a five-member Board of Directors elected by the geographical divisions to staggered four-year terms. Rainbow Water customers are zoned to EMWD's Division 2, which includes the northern portion of San Diego County (Rainbow Water and Fallbrook Public Utility District' Service Areas), the City of Temecula, the southern and eastern portions of the City of Murrieta, and Temecula's Wine Country.

Metropolitan Water District of Southern California

Established in 1928, Metropolitan is a regional water wholesaler and voluntary cooperative of 26 member agencies governed by a 38-member Board of Directors. It imports water from the Colorado River and Northern California's State Water Project for member agencies, including EMWD, that serve nearly 19 million people across six Southern California counties. Metropolitan is the largest State Water Project contractor and a leading supporter of regional water conservation, recycling, and long-term resource planning.

Historical Water Demand and Recent Trends

The District's agricultural acreage and The District's agricultural acreage and population increased over 30 years since its founding in 1953, and as a result, water deliveries from SDCWA to the service area steadily increased. By 1984, demands had climbed to almost 34,000-acre feet per year (AFY) the highest in District history. Demands then dropped sharply during the drought restrictions of 1991-93, as mandatory cutbacks led to the stumping of avocado groves and other long-term reductions in agricultural water use.

Since the height of water use in 1984, water sales have declined approximately 71%, reaching a low of 10,000 AF in FY 2024. In FY 2025, sales saw a modest recovery to 12,900 AF, driven by drier weather and a 5% reduction in agricultural water rates following the District's November 2024 change in wholesale water provider from the San Diego County Water Authority to the Eastern Municipal Water District. In FY 2026, sales totaled 11,777 AF, approximately 7% above the budgeted 11,000 AF. Based on this rebound, the District has adjusted its conservative baseline for long-term planning to 10,750 AF for FY 2027 and 10,500 AF for FY 2028 budget years.

The decline in agricultural water demand reflects several structural changes: competition from lower-cost avocado imports from Mexico, high prices for imported water, and permanent crop reductions implemented during drought restrictions. This shift poses a challenge for rate stability, as much of the District's extensive agricultural-era infrastructure must still be maintained. With fewer total acre-feet sold, revenue from each unit of water sold must now cover a greater share of fixed costs for infrastructure upkeep and service, creating upward pressure on rates for all customers. Over the past four years this has stabilized in a range of 10,000 to 13,000 acre-feet in annual water sales, but continues to be closely monitored by the District given the historic volatility.

WATER DELIVERIES TO THE DISTRICT	
Calendar Year	Deliveries (Acre Feet Per Year)
1986	29,298
1987	27,382
1988	32,028
1989	34,828
1990	34,920
1991	24,567
1992	26,460
1993	24,567
1994	22,832
1995	20,872
1996	23,223
1997	24,906
1998	19,924
1999	28,721
2000	29,203
2001	26,803
2002	32,125
2003	30,472
2004	30,336
2005	28,911
2006	29,929
2007	31,865
2008	24,128
2009	26,894
2010	18,322
2011	19,276
2012	24,918
2013	21,526
2014	22,625
2015	17,868
2016	18,151
2017	18,123
2018	17,910
2019	13,771
2020	15,247
2021	15,963
2022	14,890
2023	11,835
2024	11,270
2025	12,905
2026 *	12,220

* Estimated

System Pressures

The range of water pressures experienced at any location is a function of the hydraulic grade and the service elevation. Within a specific pressure zone, the hydraulic grade is affected by the reservoir or tank water level and pressure-reducing valve settings, friction losses in the distribution system, and, if applicable, the flow delivered through aqueduct connections. The maximum static pressure within a pressure zone is based on the high-water level of the reservoir or the highest-pressure reducing valve setting, and the elevation at any specific point in the zone. The system pressure ranges within the District between 20 to 475 pounds per square inch (psi). It is much more challenging to control pressure in transmission pipelines, as they must maintain the zone's grade line and are typically less flexible in their installation locations. Despite the District's terrain, most of the District's transmission system is within the desired maximum pressure range.

System Description

Rainbow Municipal Water District operates a complex water distribution system serving a geographically diverse area with steep, varied terrain. The District's system comprises 14 major pressure zones with storage facilities, supported by 13 storage tanks, three active reservoirs, 78 pressure-reducing stations, and 10 pump stations (with one additional pump station planned in the Capital Improvement Plan for next year). Four of the significant zones are supplied directly from aqueduct connections, and the remaining zones are supplied through pressure-reducing stations or booster pump stations. In addition to the multiple zones, 48 reduced-pressure areas are supplied from the major zones through pressure-reducing stations.

The 12 major pressure zones within the District's system are identified by a name and number corresponding to the hydraulic grade elevation set by the high-water level of the tank or reservoir, ranging from 825 feet to 2,160 feet above mean sea level. The District's hydraulic profile schematic (see Table 1 – Pressure Zones) shows aqueduct connections, pressure zones, storage facilities, booster pump stations, pressure-reducing stations, and emergency supply interconnects. Zone boundaries, a legacy of the District's formation through the merger of several historical water purveyors, are irregular and have been modified over time to address pressure issues or to improve circulation. Field operators adjust some of the pressure boundaries seasonally to improve water quality.

Table 1: Pressure Zones

Zone	HGL[1] (feet)	Main	Secondary
Magee	2,160	Rainbow Heights via Magee Pump Station	None
Rainbow Heights	1,967	North Zone via Rainbow Heights Pump Station	Magee
Gomez	1,710	North Zone via Gomez Pump Station	Rainbow Heights
Lookout	1,579	North Zone via Lookout Pump Station	None
Vallecitos	1,338	North Zone via Vallecitos Pump Station	Rainbow Heights
Rainbow Hills	1,282	North Zone via Rainbow Hills Pump Station	None
North	1,212	Connections 1, 9, and 10	Northside and Rainbow Heights
Canonita	1,019	Connection 8	Northside and North
Gopher	1,011	Dentro de Lomas Pump Station	Morro via Emergency Pumps
Hutton	1,011	West Lilac Pump Station	
Turner	1,011	Rancho Amigos and Dentro de Lomas Pump Stations	
Pala Mesa	897	Connection 8	Canonita
Morro Tank	865	Morro Zone thru Morro Pump Station	Pala Mesa via Morro Zone
Morro	825	Connection 8	Pala Mesa

[1] Hydraulic Grade Line



The distribution network includes pipelines ranging from small-diameter service mains to large transmission lines. Table 2—Distribution System Pipelines provides a summary of total pipeline lengths by diameter. Most of the pipe material in the system is Cement Mortar Lined and Coated Steel. However, there are areas in the distribution system that have ductile iron, PVC, and transite pipes.

Table 2: Distribution System Pipelines

PIPELINE SUMMARY	
Pipeline Diameter (inches)	**Total Pipeline Length (miles)**
4	4.81
6	66.02
8	125.66
10	18.46
12	48.76
14	20.57
16	24.84
18	13.93
20	10.75
22	0.64
24	5.76
27	0.29
30	0.77
36	0.41
42	0.53
48	0.04
54	0.05
72	0.04
Unknown Diameter	1.47
TOTAL LENGTH OF PIPE	**343.8**



Rice Tank, Fallbrook

System Operations

The operation of the District's water distribution system is very complex due to the large number of pressure zones, supply locations, and large capacity storage facilities, which require frequent cycling or turnover to maintain water quality. Reservoir water levels are connected to the District's Supervisory Control and Data Acquisition (SCADA) system, such that the water operators can monitor the system 24 hours a day, seven days a week, and 365 days a year. However, system operation relies on several manual changes made based on operator judgment rather than automation, such as adjusting the flow orders from the FCF connections based on tank levels and seasonal water demand.

The large storage capacity of Morro Reservoir requires special operating procedures for the distribution system to maintain water quality. The distribution system is operated in either a Morro fill or Morro drain mode, with the duration of each method varying seasonally but typically lasting two weeks or more. Changing between modes requires manually closing and opening several pressure stations and making several operational changes. Tank water levels in several pumped zones are also operated in a fill/drain mode with water levels set low to improve the turnover rate. In addition to normal supply operations, system operators have several documented procedures for alternative supplies to zones. If pump stations are out of service for maintenance or repairs, or when aqueducts are shut down for service, tanks need to be removed from service. During planned shutdowns of the Second Aqueduct (Connections 8 and 9), water from the North and Rainbow Hills Reservoirs is supplied down to the Canonita Zone through bypass valves and pressure-reducing stations.



Wastewater Facilities

The District has provided wastewater service since 1963 and currently serves nearly 3,600 accounts under contract with the City of Oceanside. Under this agreement, the City owns and operates the wastewater conveyance, treatment, and disposal facilities. District owns and maintains approximately 60 miles of its own wastewater collection system to transport flows from customers' connections to the City's connection points.

The District's collection system serves several distinct areas within the service boundary and is supported by the following lift stations:

Golf Club: The lift station is located south of Golf Club Drive and Old River Road on the south side of the San Luis Rey River. Golf Club is a packaged lift station with three 5-hp wet well/dry well pumps (500GPM each) and a 10,500 gallon wet well with a backup generator onsite. The site is currently under design for replacement to expand capacity, relocate north of the river, and replace the siphon crossing with a force main.

Fallbrook Oaks Lift Station: The station is located south of Sarah Ann Drive and Kate Lendre Drive in the Fallbrook Oaks subdivision off Gird Road. The lift station has two 5-hp submersible pumps (250 GPM each) in a 2,352 gallon wet well, and is equipped with a standby generator.

Horse Creek Lift Station: The lift station (pictured above) is located on Pankey Road and SR-76, and serves Horse Creek Ranch and the future Citro development. Horse Creek has three 58-hp submersible pumps (835 GPM each), two wet wells with 29,680 gallon capacity, and 200,000 gallons of overflow storage. The station is equipped with a standby generator and video surveillance.



Horse Creek Lift Station, Fallbrook

Old River Lift Station: The lift station is located at Little Gopher Canyon Road and Old River Road. Old River Road is a packaged lift station with three 70-hp wet well/dry well pumps (1,460 GPM each) and a 14,000 gallon wet well. The station is equipped with an onsite backup generator and expanded capacity to serve ultimate projected flow.

Plant B Lift Station: The lift station is located south of District offices on Old Highway 395. Plant B is a prefabricated station with two 5-hp wet well/dry well pumps (229 GPM each) and a 3,800 gallon wet well. The station is equipped with an onsite backup generator and is planned for abandonment upon completion of Pankey Sewer Lift Station.

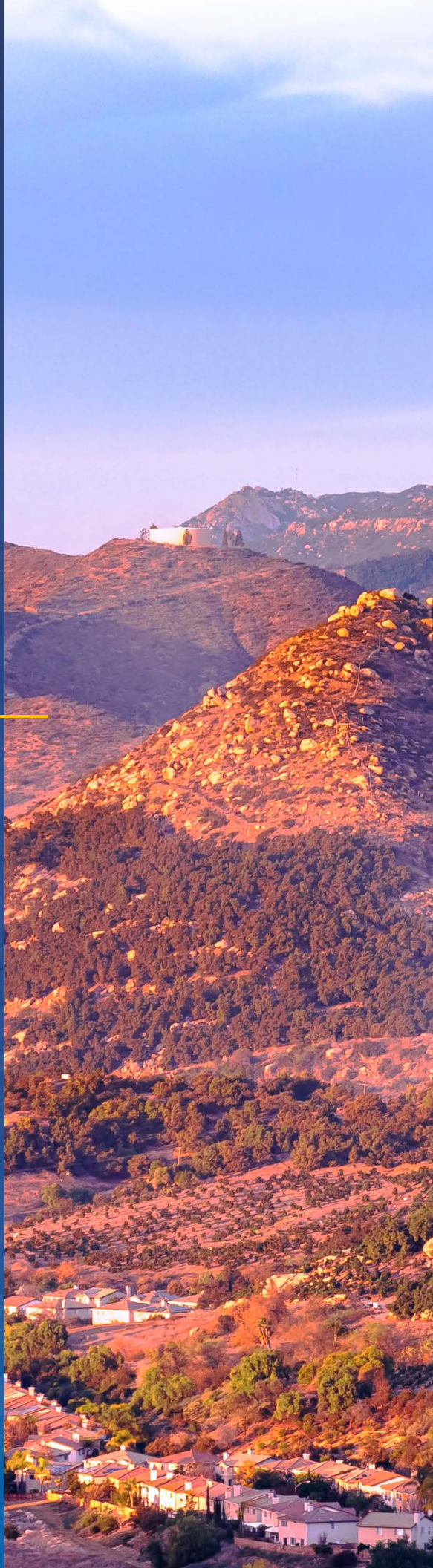
Rancho Monserate Lift Station: The lift station is located north of Rancho Monserate Mobile Home Park off Dulin Road. Rancho Monserate has two 5-hp wet well/dry well pumps (320 GPM each) and a 3,200 gallon wet well. The station is equipped with a backup generator and discharges to the Rancho Viejo Force main.

Rancho Viejo Lift Station: The lift station is located on Dulin Road east of I-15. Rancho Viejo is a prefabricated station with two 40-hp wet well/dry well pumps (805 GPM each) and a 9,500 gallon wet well. The station is equipped with a backup generator.

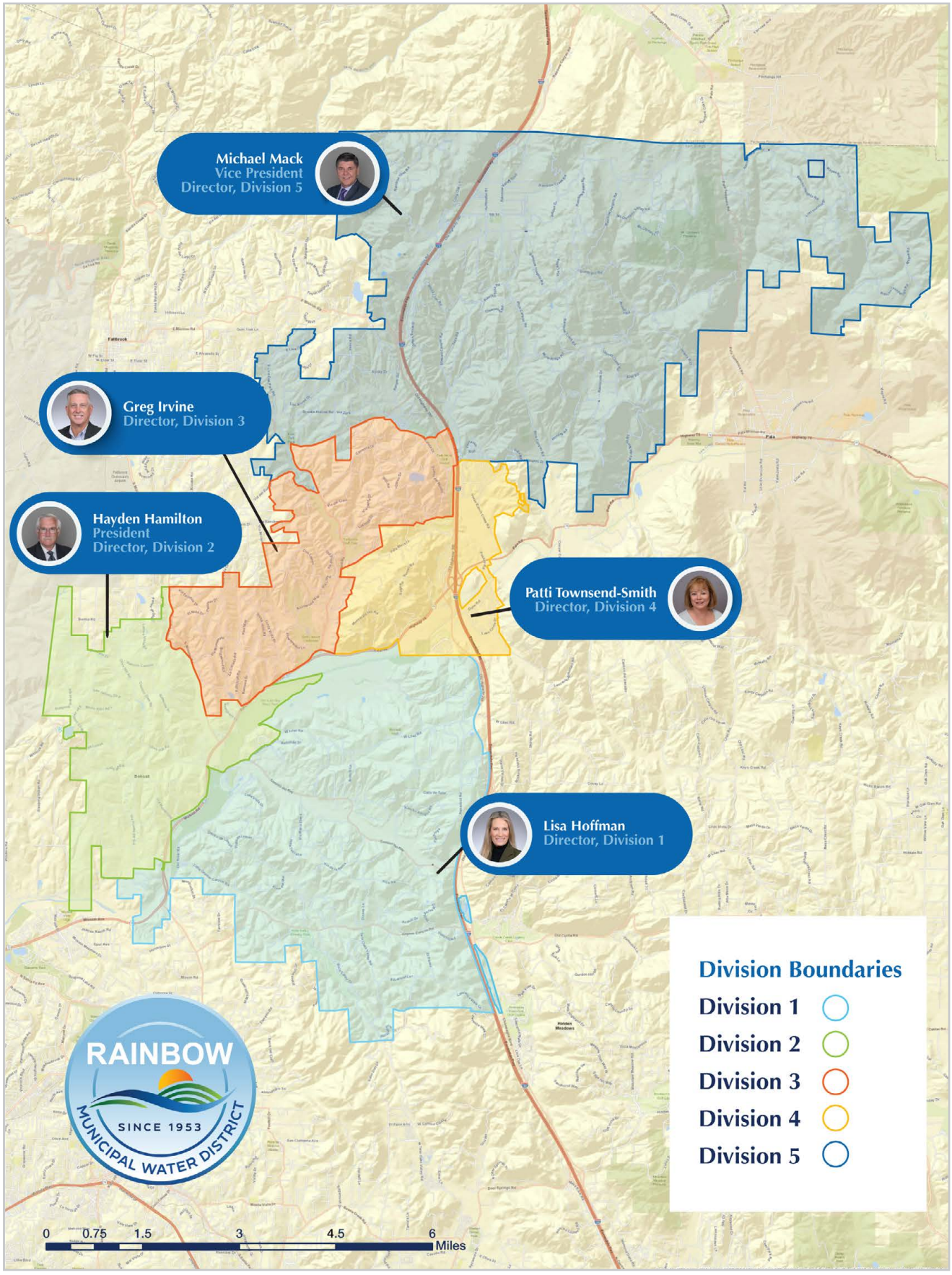
Thoroughbred Lift Station: The lift station is located at Thoroughbred Lane and SR-76, with pipelines along SR-76, Camino Del Rey, and Old River Road. Thoroughbred has four submersible pumps (850 GPM each) and collects approximately 600,000 gallons per day . The location has 380,000 gallons of emergency storage to enhance resiliency, operational flexibility, and maintenance capacity.

District Service Area Map

Rainbow Water's service area is 82 square miles, or over 52,000 acres, and comprises the communities of Rainbow, Bonsall and portions of Fallbrook, Vista, Pala, and Oceanside.

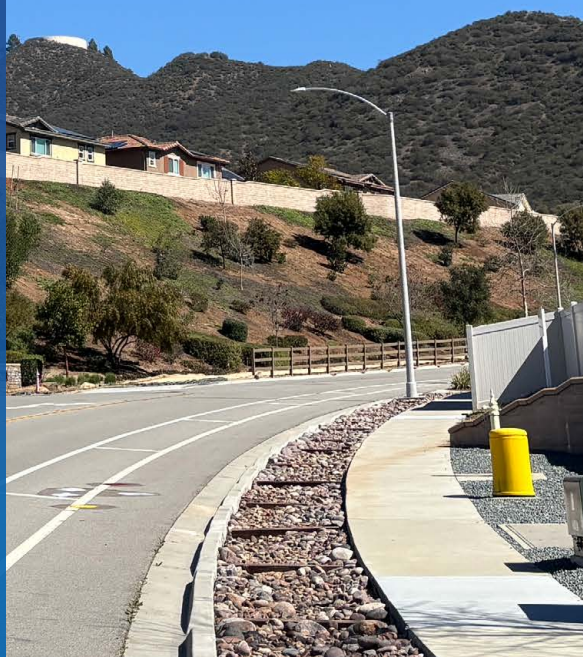


District Service Area Map



Strategic Plan

The District conducted a comprehensive process in 2026 with Raftelis to work in concert with the Board, staff, and invited the public to receive input to develop the overall Strategic Plan with the seven main focus areas and related strategic goals. This process involved multiple meetings consisting of recognizing the need for updating the plan, reviewing the existing situation and mission, determining the strategic direction going forward, and then setting a process to monitor progress. The Strategic Plan was adopted by the Board of Directors in August 2026.





Strategic Planning Process

A Strategic Plan is more than just a document, it is a critical roadmap for navigating evolving demands, building internal alignment, and demonstrating leadership to employees and stakeholders. The Strategic Plan builds on the successes of the 2020 Strategic Plan, offering an updated framework to guide the utility's efforts over the next five years and beyond.

The Strategic Plan serves as the vital link between Board priorities and day-to-day operations. When staff members clearly understand what the Board and community values, they can make decisions that actively support those goals. Ultimately, the Plan helps the District provide reliable services, use resources wisely, and prepare for the future. The strategic planning process was designed to:

- Recognize and build on the successful outcomes of the previous plan
- Address how operational, regulatory, environmental, and community expectations continue to evolve
- Align the District's vision for the future with operational realities and staff capacity
- Provide a practical, actionable guide for resource allocation and decision-making

To ground the Plan in everyday realities, the District conducted an organizational assessment to review current operations and staffing. The findings from this assessment helped inform the development of the Strategic Plan. The strategic planning process also included several key milestones:

- A kick-off meeting with the District's Management Team to identify goals for the process, understand progress related to the prior plan, and review key trends impacting the industry and organization
- Individual interviews with members of the Board and the Management Team, along with employee focus groups, to identify strengths, challenges, and opportunities for the updated Strategic Plan
- A foundation workshop with members of the Board and the Management Team to develop the updated framework and discuss a shared vision for the District
- An objectives workshop with the Management Team to discuss specific objectives and performance measures in support of each Strategic Focus Area
- Solicited the public for comment and feedback through an outreach campaign

Strategic Focus Area 1: Reliable Infrastructure

Goal: Build and sustain a resilient system through proactive infrastructure assessment and maintenance to ensure prioritized reinvestment and long-term service reliability.

Objectives:

- Execute an infrastructure renewal and replacement program tied to asset criticality and remaining useful life, prioritizing pipeline and valve replacements
- Implement a proactive, data-informed asset maintenance program
- Proactively detect and prevent system failures
- Upgrade the District's headquarters to provide a functional and modern workplace
- Address aging infrastructure and capacity limitations in the downstream reaches of the wastewater collections system

Strategic Focus Area 2: Enterprise Resilience

Goal: Ensure safe and dependable services, mitigate risks and customer impacts, and expand our ability to navigate and recover from threats and disruptions.

Objectives:

- Audit and improve the District's cyber posture to protect essential services from cyber-attacks and unauthorized access
- Implement recommendations related to America's Water Infrastructure Act assessment, which requires water systems to evaluate vulnerabilities and develop emergency response plans
- Update the emergency management and continuity plans to ensure a rapid, coordinated, and transparent response during service disruptions and other local emergencies
- Explore and obtain alternate water sources to diversify supplies and protect the District's customers from climate and other risks
- Conduct after-action reviews to drive continuous learning and improvement
- Monitor and maintain water quality standards that meet or exceed regulatory requirements





Strategic Focus Area 3: Sustainable Finances

Goal: Responsibly manage District finances with transparency and foresight, implementing creative funding strategies to keep rates stable and predictable, and infrastructure needs funded.

Objectives:

- Minimize pressure on rate increases by identifying and growing non-rate revenue streams and implementing cost-savings measures
- Provide an equitable and sustainable rate structure with multi-year rate planning that supports long-term infrastructure needs, anticipated community growth, and agricultural production
- Practice transparent, proactive budget management that supports efficient, cost-effective service delivery and is validated by the GFOA Excellence Award annually
- Clearly communicate financial performance, rate decisions, and budget priorities to build shared understanding and confidence in the District's long-term fiscal health
- Build and maintain a reserve fund level that meets the Board's defined targets

Strategic Focus Area 4: Trusted Leadership

Goal: Serve as a leader to our community, industry, and workforce by delivering exceptional service, building lasting partnerships, and employing best practices.

Objectives:

- Strengthen trust by modeling honest, ethical, and accountable leadership at all levels
- Develop regional and industry strategic partnerships that deliver efficiencies in service and lower costs to our customers
- Practice consistent, open communication and actions that reflect the District's values and support exceptional, customer-focused service
- Invest in Board and leadership development, including training and peer networking opportunities, to advance governance best practices and support informed, forward-looking decision making

Strategic Focus Area 5: Exceptional People

Goal: Cultivate a high-performance culture that empowers the workforce to grow, collaborate in decisions, and lead from every level to solve complex challenges to support a high level of public service.

Objectives:

- Maintain a competitive total rewards package that supports recruitment and retention
- Implement a formalized succession planning process that enhances career pathways and ensures continuity for critical positions
- Foster a supportive culture where employees are encouraged and provided opportunities to contribute ideas
- Invest in ongoing training and development that enhances career growth, customer service, and readiness to use modern technology

Strategic Focus Area 6: Purposeful Technology

Goal: Harness innovative ideas, modern tools, and integrated systems to detect problems faster, use data to drive decisions, and support efficiency and continuous improvement.

Objectives:

- Implement integrated systems that enable cross-functional data sharing, including a major upgrade of the District's Enterprise Resources Planning System
- Deploy technology to improve leak detection and reduce non-revenue water loss
- Establish a performance metrics framework to track and transparently report on the District's effectiveness in core business areas
- Identify and pursue measurable efficiencies through equipment, process improvement, and automation to support cost-effective service delivery
- Equip employees to confidently adopt modern tools and make consistent, data-driven decisions
- Establish clear data governance standards and systems to ensure accurate, accessible information supports operational planning and decision-making

Strategic Focus Area 7: Proactive Communications

Goal: Deliver timely, clear, and accessible information that anticipates needs, strengthens transparency, and builds lasting trust with our community and workforce.

Objectives:

- Enhance the multi-channel Customer Outreach Program by expanding customer interaction on modern media platforms
- Build and maintain a communications infrastructure, including emergency notification systems, website updates, and social media protocols, that enables a timely, transparent, and reliable flow of information during both routine operations and emergencies
- Increase internal communication and cross-departmental information-sharing to strengthen teamwork and support consistent messaging
- Strengthen customer relationships through targeted engagement opportunities, including community events, educational workshops, and consistent outreach





Rainbow Water is committed to continually improving infrastructure to meet the needs of our customers and prepare for water and sewer emergencies.

The Strategic Plan is a straightforward, actionable guide designed to help the District meet tomorrow's needs while continuing to deliver excellent service today.





PERSONNEL SUMMARIES



Current Staffing Overview

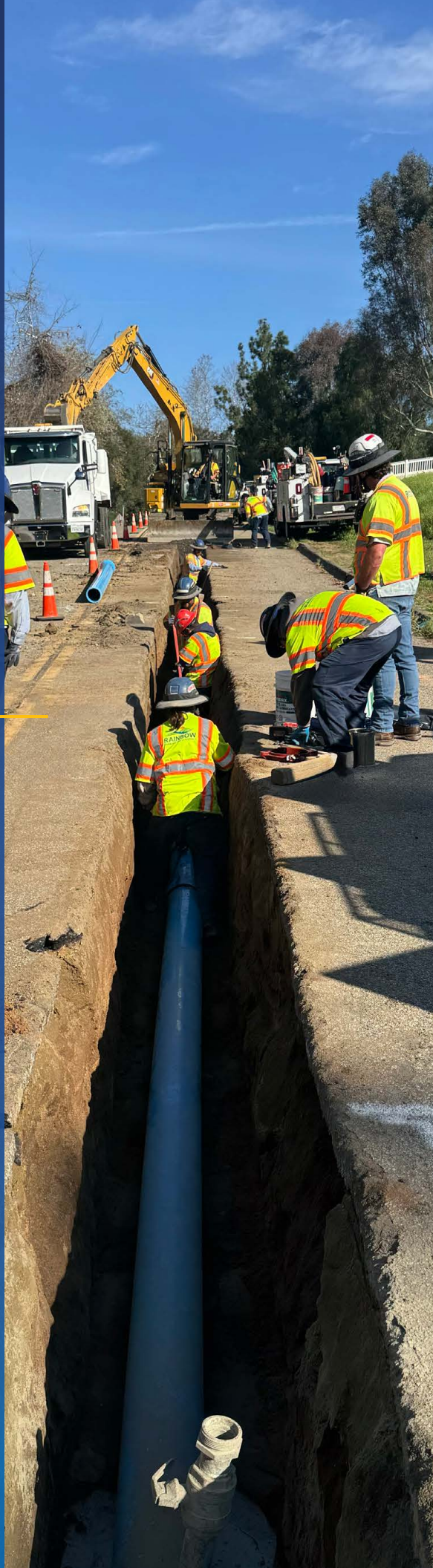
Organizational Structure

The District's organizational structure is designed to efficiently meet operational and capital improvement requirements to deliver safe, high-quality water distribution and wastewater collection services to the community. It encompasses several key departments, each with specific roles and responsibilities essential for the District's operations, as depicted in the organizational chart below:



Staffing Levels

The District's staff is distributed across various departments, ensuring comprehensive operational and administrative functions coverage. The breakdown of full-time equivalent (FTE) employees and headcount by the department is listed on the following page.



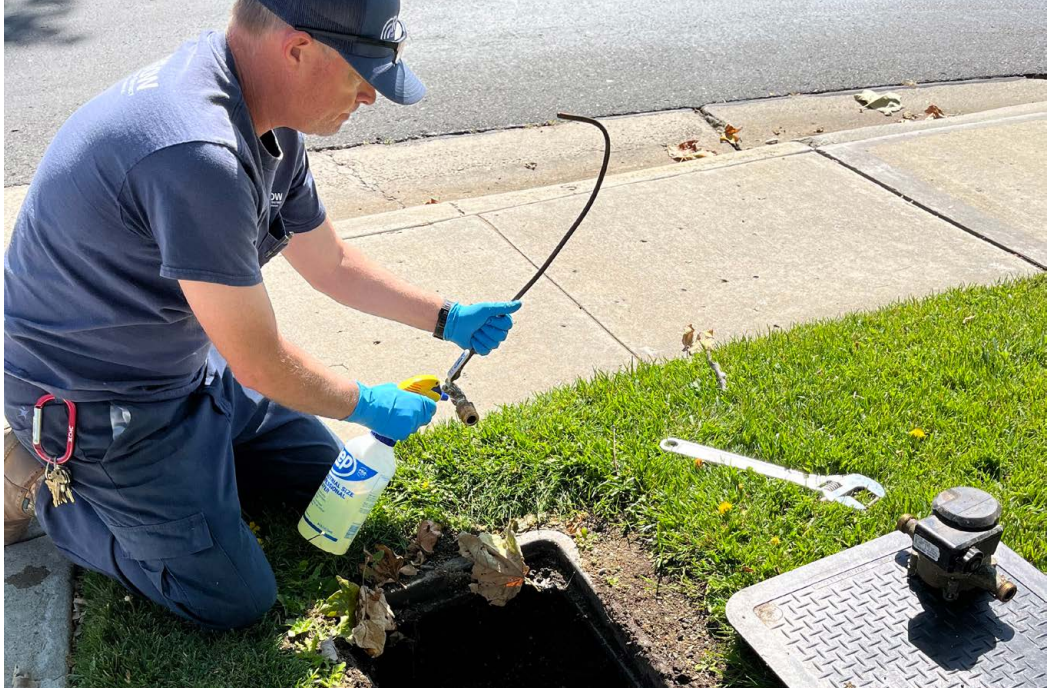
Staffing Analysis

Past, Present, and Projected Staffing Levels

As shown in the accompanying Staffing Levels chart, the District's total staffing in full-time equivalent (FTE) positions remained relatively stable, with growth planned over the next three years to establish an in-house CIP installation crew and address new infrastructure maintenance needs resulting from new development in the District. Projections for FY29 are estimates only and will not be officially Board-approved until the FY29 budget cycle.

STAFFING TOTALS						
Department/Division	**FY 2024**	**FY2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
Administration Total	**5.3**	**5.9**	**6**	**6**	**6**	**6**
General Manager's Office	2	2	2	2	2	2
Human Resources	1.9	2	2	2	2	2
Public Information	0.4	0.9	1	1	1	1
Risk Management/Safety	1	1	1	1	1	1
Information Technology	**4**	**4.5**	**4.5**	**5**	**4.75**	**4.5**
Operations Total	**24**	**25**	**25.5**	**26.5**	**28.5**	**34.5**
Administration/Management	1	1	2	2.5	2.5	2.5
Construction: Maintenance	11	11	11	11	10	10
Constriction: CIP				1	4	7
Fleet	1	1	1.5	1	1	2
Pumps & Motors		1	1	1	1	1
Valve Maintenance	2	2	2	2	2	2
Wastewater	4	4	4	4	4	5
Water Quality/System Operations	5	5	4	4	4	5
Engineering/CIP	**6**	**5**	**5**	**5.5**	**5.5**	**5.5**
Finance Total	**14**	**16**	**17**	**17**	**17**	**17**
Accounting/Finance	4	3	4	4	4	4
Customer Service	4	6	6	6	6	6
Meters	5	5	5	5	5	5
Purchasing/Warehouse	1	2	2	2	2	2
TOTAL ORGANIZATION	**53.3**	**56.4**	**58**	**60**	**61.75**	**67.5**

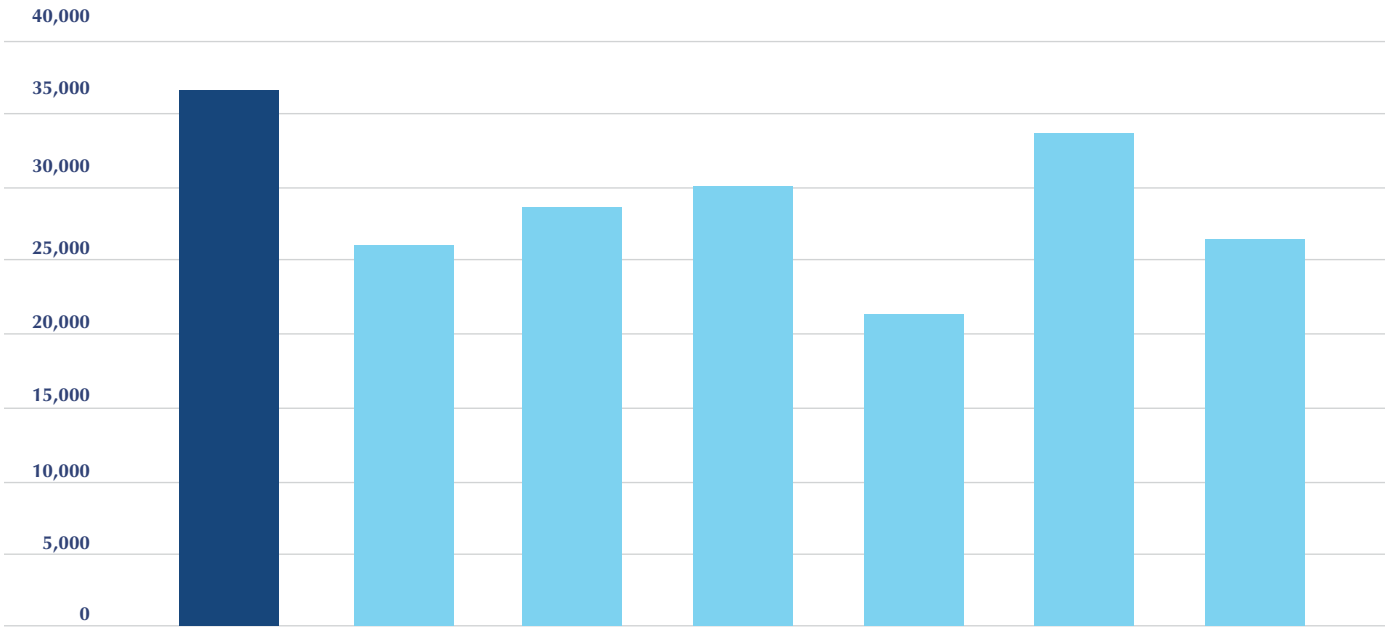




Staffing and Benchmarking

During FY26, Raftelis conducted a Benchmarking and Organizational Assessment that analyzed the ratio of full-time equivalent (FTE) employees to linear feet of pipeline for six peer water agencies. The analysis revealed that the District's staffing levels are relatively lean compared to its peers.

Combined Linear Feet per Full Time Equivalent Employee



RAINBOW WATER	FALLBROOK PUBLIC UTILITY	VALLEY CENTER MWD	RAMONA WATER DISTRICT	SANTA FE IRRIGATION	RINCON DEL DIABLO WATER	TRABUCO CANYON WATER
37,079	26,199	28,208	30,594	22,587	34,907	26,650

Recent Staffing Changes

Customer Service: The Customer Service Supervisor role expanded to include the Meters department in FY26, and one position was reclassified as the Customer Service Lead. Moving Meters from Operations into Customer Service reflects their important role in representing the District to customers in the field and ensuring the accuracy of metering and billing functions. In addition, both changes created new promotional pathways to help with retention.

Finance: One full-time Accounting Specialist position was added in FY26. Following a voluntary separation of the Management Analyst in FY26, the position reverted to the District's previous Senior Accountant classification to provide a more direct focus on Finance activities.

Operations: Moved an Administrative Analyst from Engineering to Operations to support the COO and operations leadership team. This position continues to support both departments, but now reports to Operations. This position's headcount is counted as .5 in Engineering and .5 in Operations.

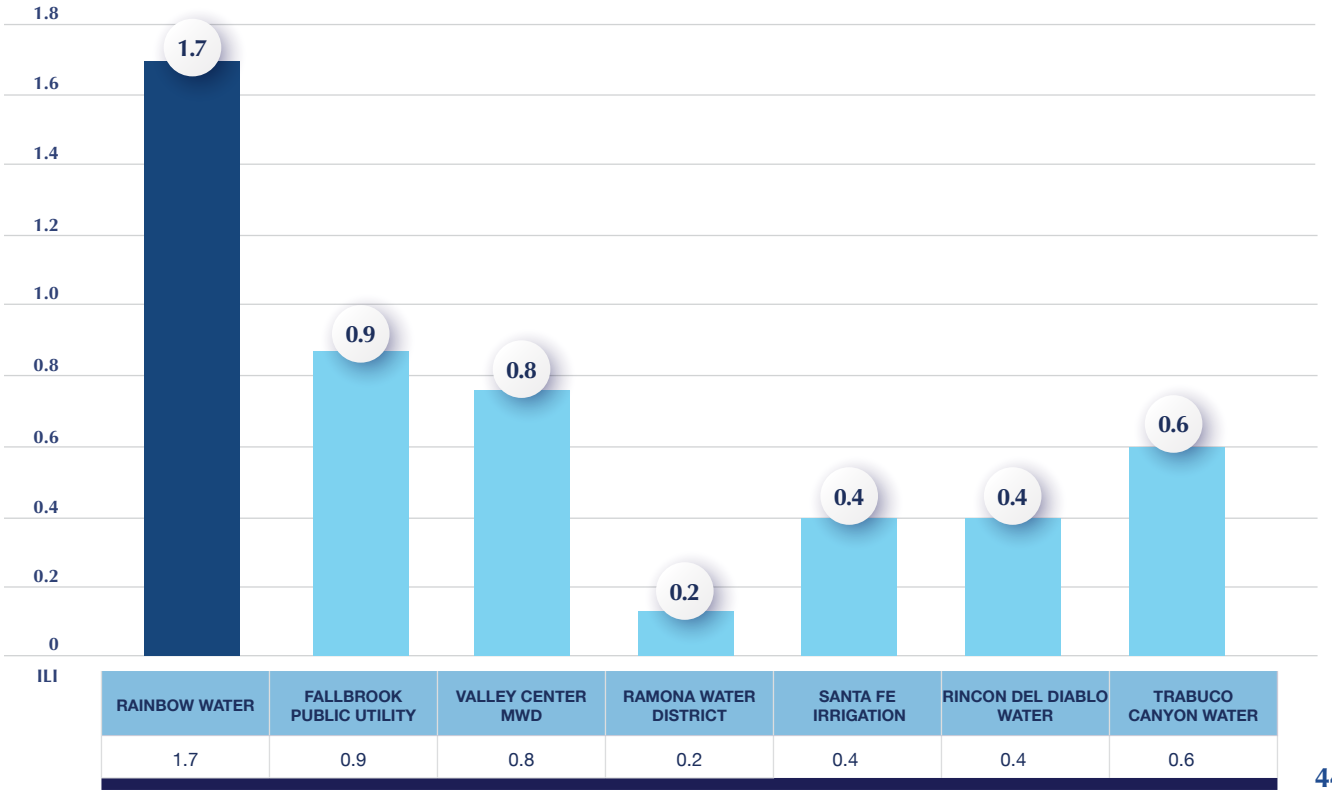
System Operations: Reclassified the System Operations Supervisor position to Deputy Operations Manager and converted one System Operator to a Lead System Operator position to assist with the oversight of System Operators and Valve Maintenance, allowing the Deputy Operations Manager to provide additional support to Construction and Wastewater.

Information Technology: Converted the IT Intern to a regular part-time IT Specialist position in FY26.

Planned Staffing Changes

The Benchmarking and Organizational Assessment conducted by Raftelis revealed that the District's Infrastructure Leakage Index (ILI) was nearly double that of the next-highest agency among the six peer agencies included in the study. The report indicated that strategic investments in infrastructure rehabilitation and replacement would have strong potential for return on investment compared to peer agencies.

Infrastructure Leakage Index (ILI)



Budgeted Staffing Changes

Engineering: The Engineer classification has been unfrozen and budgeted for FY27 and beyond as part of the new in-house CIP program. This will be one of the first positions filled so that the new Engineer can design and prepare a queue of shovel-ready projects for the Construction crew to install.

Construction: In FY26, the District's Construction crew completed the La Canada Pipeline Replacement Project, which included installing new pipelines and pressure-reducing valves in the neighborhood on La Canada Road. The project replaced 4,000 linear feet of aging 8-inch pipeline to deliver safe and reliable water service. This project provided useful data for comparing the costs of in-house pipeline replacement projects with those contracted out, and demonstrated a high likelihood of significant cost savings on these Capital Projects. Based on this, the Board approved a three-year plan to phase in a CIP crew, as described below.

A new in-house CIP installation crew will be phased in over three years. One Utility Worker position will be added in FY27, two more Utility Workers will be added in FY28, along with a reclassification of one Utility Worker to a Lead position dedicated to the CIP crew. In FY29, the final three Utility Workers are projected to be added. The three-year phase-in plan was approved by the Board, with the projected FY29 additions subject to reporting back to the Board on progress made in the first two years and to future budget approval. The phased-in approach allows the crew to be trained gradually, rather than assigning an entirely new crew to these projects.

Information Technology: The part-time IT Specialist position is temporarily budgeted as full-time in FY27 and the first half of FY28 to support the new ERP system implementation project.

Fleet: Additional staffing is anticipated in or near FY29 to plan for overlap as part of a success plan.

Wastewater: With planned new residential development currently under construction, the Wastewater infrastructure will expand to support it, including new lift stations and pipelines that will require maintenance. The new development will also add the needed revenue to fund one additional Utility Worker to the crew.

Staffing Challenges

Turnover

Voluntary resignations dropped sharply, from 12% in FY25 down to 5.2% in FY26, consistent with the historical inverse relationship between local unemployment rates and turnover. However, over the past 4 years, 72% of resignations involved employees with less than two years of service, suggesting turnover could rise again in FY27.

Career advancement opportunities and higher pay are the most frequently cited reasons for resignations (48% combined), followed by commute distance. Many departing employees, particularly early-career employees, seek faster opportunities for advancement and better work-life balance. This is a challenge for a small agency with a flat organizational structure and more limited promotional pathways than exist at larger agencies. The rural nature of the District also means that most employees commute to work rather than living in the community, making new opportunities closer to home an attractive alternative, especially as fuel and commuting costs rise.

Retirements

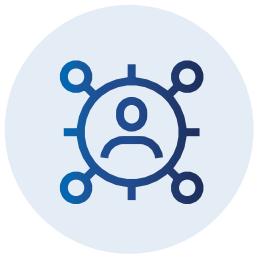
Several notable retirements are anticipated over the next one to five years. Key single-incumbent positions include the Wastewater Superintendent, Senior Fleet Mechanic, and Senior Inspector. Other known near-term retirements are in the Meters, Wastewater, and System Operations departments. Many of these positions are typically filled by internal applicants, which will put additional pressure on staffing and training in the Construction department, the primary source of internal candidates for these roles.

Staffing Continuity Planning

All positions are evaluated against the following factors to prioritize staffing continuity (succession) planning:



Retirement Eligibility



Single Incumbents



Specialized Knowledge



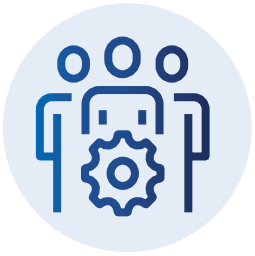
Difficult to Replace



Difficult To Retain



Risk of Attrition



Leadership, Technical, or Executive Support

The highest-priority positions are IT Manager, Administrative Services Manager, Chief Operations Officer, and Senior Fleet Mechanic. In addition to the high-priority positions for staffing continuity planning, a structured on-the-job training program in Construction and cross-training in other departments will build a talent pipeline to address near-term retirements.


RAINBOW
SAFETY FIRST





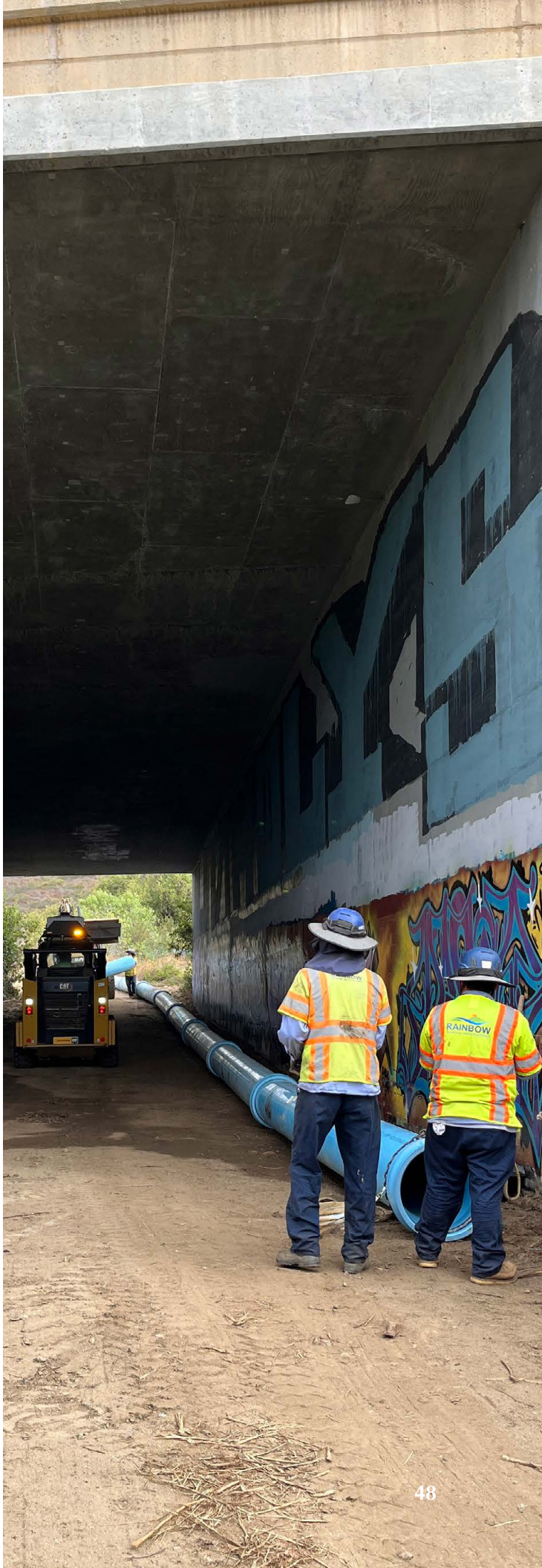

CHEVROLET
RAINBOW

Summary

The District's staffing has remained stable and lean relative to peer agencies, with total FTEs projected to grow from 56.5 in FY25 to 67.5 in FY29. Most of this growth supports a new in-house CIP installation crew, phased in over three years, which is expected to lower the cost of pipeline replacement and help address the District's comparatively high rate of water loss. The remaining additions respond to infrastructure maintenance needs resulting from new development.

Although voluntary turnover declined in FY26, early-tenure attrition, anticipated retirements in several single-incumbent positions, and limited promotional pathways continue to pose risks to service continuity. The District is addressing these risks through staffing continuity planning for its highest-priority positions, on-the-job training in Construction, and cross-training in other departments. Together, these efforts advance the Reliable Infrastructure and Exceptional People focus areas of the 2026-2030 Strategic Plan and support the District's mission to deliver exceptional and cost-effective water and wastewater services.





Department Summaries

The District's accomplishments and goals are aligned in support of the Strategic Plan. The following pages review the goals and objectives for all departments and divisions.



Strategic Focus Highlights

There are seven focus areas for goals: Reliable Infrastructure, Enterprise Resilience, Sustainable Finances, Trusted Leadership, Exceptional People, Proactive Communications, and Purposeful Technology The department summaries include bullet points of goals and objectives, accompanied by an icon to indicate the supporting Strategic Focus Area.

Strategic Focus Area Legend

Icon	Strategic Focus Area	Goal
	Reliable Infrastructure	Proactive infrastructure assessment and maintenance to ensure prioritized reinvestment and for long-term service reliability
	Enterprise Resilience	Ensure safe an dependable services, mitigate risks and customer impacts, and expand ability to navigate and recover from disruptions.
	Sustainable Finances	Responsibly manage District finances with transparency and foresight, implementing creative funding strategies to keep rates stable, and infrastructure needs funded.
	Trusted Leadership	Serve as a leader to our community, industry, and workforce by delivering exceptional service, building lasting partnerships, and employing best practices.
	Exceptional People	Cultivate a high-performance culture that empowers the workforce to collaborate in decisions, and lead from every level to solve complex challenges to support a high level of public service.
	Proactive Communications	Deliver timely, clear, and accessible information that anticipates needs, strengthens transparency, and builds lasting trust with our community and workforce.
	Purposeful Technology	Harness innovative ideas, modern tools, and integrated systems to detect problems faster, use data to drive decisions, and support efficiency and continuous improvement.



Administration

Responsibilities

The Administration Department consists of the General Manager and District Secretary and is responsible for the overall leadership, policy implementation, and administrative coordination of the District. This department provides support to the Board of Directors, facilitates transparent governance, and fosters communication among staff, the public, and external agencies. While the General Manager's oversight contributes to all seven Strategic Focus Areas, the department's direct activities most visibly support **Communication, Customer Service, Water Resources, and Fiscal Responsibility,** through strategic planning, interagency coordination, policy development, and governance support.

Administration

The General Manager (GM), Jake Wiley oversees the responsibility for District policy development and activities, including water resources planning, water distribution, wastewater collection, finance, administration, engineering, human resources, and total operation of District functions and programs. The GM ensures District goals and objectives are accomplished, advises and provides recommendations to the Board, as well as implements the policies of the Board on an ongoing basis. The GM also develops and implements long and short-range plans to achieve District strategic plan objectives.

Additionally, the GM interprets District regulations and ordinances, internal and regulatory codes, and applicable laws with direction from Legal Counsel; reviews and approves District contracts including negotiating contract terms and conditions; and safeguards the District by assuring compliance with all contractual and legal requirements regarding the operations of the District.

The District Secretary supports the Board of Directors and General Manager with a wide variety of advanced administrative duties. This position prepares agendas, materials, and minutes for all Board and Standing Committee meetings; maintains the District's Administrative Code, resolutions, and ordinances, and provides public access to these records and public records in general; manages calendars; coordinates and schedules meetings; oversees workshops, conference, training, and seminar accommodations including travel arrangements; maintains District official records; updates the District website per legal and accreditation requirements; provides orientation guidance for incoming Directors; and protects the confidentiality of information privy to executive management.

Administration Major Accomplishments for FY 2025-2026

- **Policy Update:** Updated Administrative Code policies to clarify appointed terms, establish Board alternates, and a restructure of the membership of the District's Standing Committees. ➤➤
- **Board Development:** Offered training opportunities that resulted in all five of Rainbow's Board Members earning their Certificates in Special District Governance. ➤
- **Financial Planning:** Formed the Bonsall Unified School District Joint Powers Financing Authority to establish a Community Facilities District for the Neighborhoods Verdeaux at The Havens, LLC, development. ➤➤
- **Mutual Services Agreement:** Met on a quarterly basis with the parties of the Mutual Services Agreement, Valley Center Municipal Water District, Fallbrook Public Utility District, and Yuima Municipal Water District to collaborate and identify opportunities for cost sharing. ➤➤
- **Records Management:** Reviewed and updated the Records Retention Policy and reference guides. Imported the Administration Department's vital records into the newly implemented Laserfiche software. ➤➤
- **Staff Development:** The General Manager utilized training and coursework through California Special Districts Association to earn recognition as a Certified Special District Manager and earned a Certificate in Special District Governance. ➤➤
- **Water Resources:** Utilized the new Interconnection Agreement with Fallbrook Public Utility District to manage Metropolitan Water District shutdowns. ➤➤➤➤

Administrative Objectives for FY 2026-2027 and 2027-2028

- **Accreditation:** Attain all requirements and apply to CSDA's District Transparency Certificate of Excellence and District of Distinction accreditation.
- **Agenda Management:** Implement Agenda Management Software to streamline the development and review of Board and Committee materials.
- **Records Management:** Assist with the review and document disposition process for records housed in the warehouse and storage bins, utilizing an outside vendor for scanning services, and with support from all departments. Spearhead the effort to digitize all physical customer files housed onsite.
- **CropSWAP:** Collaborate with regional partners to obtain additional funding for extension of the CropSwap Program in Metropolitan's conservation programs budget.
- **Strategic Plan Update:** Initiate and facilitate the implementation and tracking update, of the District's Strategic Plan, last updated in 2020.

Administrative Measurable Goals & Objectives					
Activity	**Criteria**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
Strategic Planning	Incorporate feedback from staff, the public and the Board to develop goals and objectives for a new 5-year plan.	n/a	50%	100%	100%
Permanent Records Digitization	Image and/or digitize permanent Customer Service Records.	n/a	60%	100%	100%
Laserfiche Records Migration	Upload all Board-Administration Documents into the new electronic records retention software.	n/a	30%	100%	100%
Records Disposition	Dispose of records housed in the warehouse which have met or exceeded retention requirements.	n/a	50%	100%	100%



Administrative Services

Responsibilities

The Administrative Services Department plays a crucial role in ensuring the smooth and efficient functioning of the organization by providing essential strategic and tactical support services. Comprised of three specialized divisions - **Human Resources, Risk Management, and Public Information** – the Administrative Services team directly supports the District's strategic focus areas of **Exceptional People, Sustainable Finances, Enterprise Resilience, and Proactive Communications.** The department emphasizes our core values—teamwork, responsibility, innovation, integrity, and professionalism—by ensuring the right people are in the right roles, protecting our assets and reputation, and fostering transparent and positive relationships with the public.

Human Resources

The Human Resources (HR) Division ensures Rainbow Water has qualified, motivated team members to fulfill its mission. HR manages employer branding, recruitment, onboarding, culture, performance management, workforce development, compensation, benefits, labor relations, and compliance. By fostering a supportive and inclusive work environment where employees are encouraged to grow and contribute ideas, HR helps the workforce deliver a high level of public service.

Human Resources advances Rainbow Water's 2026-2030 Strategic Plan primarily through the **Exceptional People, Trusted Leadership,** and **Sustainable Finances** focus areas. Major activities include maintaining a competitive total rewards package, succession planning and career pathways, leadership development, employee engagement, labor negotiations, benefits administration, and implementing HR technology that improves efficiency and data accuracy.

Human Resources Major Accomplishments for FY 2025-2026

- **Labor Negotiations:** Secured five-year labor agreements with two of the District's employee associations, shifting to a merit pool system that brings greater budget certainty for future personnel costs. ➤➤➤
- **Compensation Study:** Implemented pay grade adjustments to determine District compensation based on competitive labor market rates, supporting employee retention. ➤➤
- **Top Workplace:** Achieved Top Workplace designation for the fifth consecutive year, based on District-wide employee engagement survey results. ➤➤
- **Recruiting:** Maintained an average time-to-fill of 29 days (goal: <45 days) and first-year turnover of 1.7% (goal: <5%). District-wide turnover, including retirements and involuntary separations, was 5.14%. ➤➤
- **Benefits Education:** Hosted employee education event on benefits and resources available for disability, death, and other unforeseen events; developed a benefits guide with QR-code links to on-demand video presentations for open enrollment. ➤➤
- **Wellness Grant:** Secured the ACWA-JPIA Wellness Grant again, continuing to fund employee wellness programming. ➤➤
- **Fiduciary Engagement:** Completed the fiduciary and RFP/vendor selection process for updated 457/401(a) retirement plan offerings; plan transition is scheduled for completion in FY27. ➤



Annual Employee Health Fair

Human Resources Goals for FY 2026-2027 and 2027-2028

- **Succession Planning:** Establish career pathway frameworks aligned with succession planning and employee growth. ➤
- **Knowledge Inventory:** Conduct gap analyses for aspiring successors to high priority positions and develop crossing-training, align with new Strategic Plan, implement for next cycle. ➤
- **Employee Survey & Engagement:** Add survey questions evaluating effectiveness of existing internal communication channels. Implement identified improvements to strengthen staff engagement. ➤➤
- **Employer Branding:** Continue participation in the Energage employee survey with at least 70% of employees responding and achieve Top Workplace designation for 2026, 2027, and 2028. ➤➤
- **Recruiting:** Maintain average time to fill less than 45 days and high quality of hire, measured by high first-year performance ratings and first-year turnover rates under 5%. ➤
- **Workforce Development:** Develop Individual Development Plans (IDPs) for all staff based on their career interests and the District's succession plan; offer training opportunities related to leadership development, computer training, and other themes related to their IDPs. ➤
- **Wellness Grant:** Apply for the 2027 and 2028 ACWA-JPIA Wellness grant. ➤➤
- **Benefits Transition:** Complete the 457/401(a) retirement plan vendor transition, integrate COBRA TPA with ADP. ➤➤
- **New Benefit Vendor:** Go to bid for a new dental and disability insurance broker and plans to ensure competitive pricing ➤➤

Human Resources Measurable Goals & Objectives

Activity	Criteria	FY 2025	FY 2026	FY 2027	FY 2028
Recruitment	Average time-to-fill under 45 days	Met: 36 days	Met 29 days	Under 45 days	Under 45 days
Succession Planning	Career pathways and succession pathways for high-priority positions, development plans created, knowledge inventories, cross-training	10%	25%	60%	100%
Employee Engagement	Top Workplace award designation from annual Energage employee survey	100%	100%	100%	100%
On-the-Job Training	Formalized on-the-job training programs co-owned with Construction and Risk Management; HR leads program design, documentation, and alignment with career pathways	n/a	n/a	17%	100%
Labor Agreements	Multi-year agreements negotiated with employee groups, shifting to a merit pool system for greater budget certainty	33%	100%	100%	100%



Fall prevention training at District headquarters

Risk Management

The Risk Management Division protects the health and safety of Rainbow Water employees and the public by promoting a strong safety culture, ensuring regulatory compliance, and preparing for emergencies. Its responsibilities include emergency preparedness, safety training, ergonomics, incident tracking, insurance coordination, and risk mitigation. By creating a safe, informed, and empowered work environment, Risk Management reduces workplace injuries and helps Rainbow Water continue dependable service through emergencies and disruptions.

Risk Management advances Rainbow Water's 2026-2030 Strategic Plan primarily through the **Enterprise Resilience, Exceptional People,** and **Sustainable Finances** focus areas. Major activities include emergency response planning and drills, regulatory compliance, safety training and certification, safety leadership development, insurance and risk-transfer evaluation, and grant funding for safety and emergency preparedness programs.

Risk Management Major Accomplishments for FY 2025-2026

- **Safety Training:** Delivered 1,489 hours of safety training District-wide;achieved 38 specialized safety certifications (MEWP, Confined Space Entrant, Fall Protection) and enrolled 32 staff members in the ACWA-JPIA Professional Development Program. ➤
- **Emergency Planning:** Conducted training and evaluation of the District's Emergency Action Plan, including a fire drill to conduct a readiness gap analysis and mitigation plans for the next event. ➤
- **Safety Data Management:** SiteDocs is utilized throughout the District for Job Hazard Analysis (JHA) and Safety Reporting, along with Safety Document storage and Permits. ➤➤
- **Policy Update:** Updated the Risk Management Records Retention Policy and Vehicle Policy and got Board Approval to implement and update both. ➤➤➤
- **Grant Funding:** Received the ACWA-JPIA Risk Control Grant ($8,600) for AI-enabled security cameras and speakers at headquarters. Applied for a CalOES Hazard Mitigation Grant to coverv75% of a $5 million pump station generator project (currently waitlisted with FEMA). ➤➤
- **Safety Awards:** Recognized with three HR LaBounty Safety Awards by the ACWA-JPIA
  - Utility truck build outs praised for their role in 2025 LA wildfire recovery. ➤➤
  - District-wide adoption of KASK helmets for superior head protection. ➤
  - SiteDocs SMS integration for Safety Documentation. ➤➤

Risk Management Goals for FY 2026-2027 and 2027-2028

- **Emergency Planning:** Complete the AWIA Emergency Response Plan update and recertification, incorporating current RRA findings, and submit to the EPA. ➤➤
- **Emergency Readiness Drills:** Conduct a full-scale Emergency Operations Center (EOC) drill and complete a post-EOC drill evaluation identifying readiness gaps by role and department. ➤➤➤
- **Grant Funding:** Support the grant application process for safety, risk, and emergency preparedness funding. ➤➤
- **Mutual Aid Drill:** Participate in a joint mutual aid drill planned and led by a neighboring agency to prepare staff for emergency training. ➤➤➤
- **On-the-Job Training:** Formalize an On-the-Job-Training program with Construction Utility Workers and Human Resources; Risk Management integrates safety training into task-level skills training.➤
- **Safety & Construction Training:** Expand the OJT documentation system to all Utility Worker classifications, incorporating safety training, skills. ➤
- **Safety Training Documentation:** Achieve full ADP LMS adoption for safety training documentation, including in-house on-demand training content. ➤
    - Transfer the Class A driver training curriculum and documentation into ADP, with internal instructor training. ➤
- **Customer Pressure Zone Campaign:** Launch an annual Safety & Risk Management report to the Board summarizing incident trends, claims activity, and program status. ➤➤

Risk Management Measurable Goals & Objectives

Activity	Criteria	FY 2025	FY 2026	FY 2027	FY 2028
Risk Resilience & Emergency Response Plan	Risk and Resilience Assessment (RRA) completed; Emergency Response Plan updated and recertified, incorporating current RRA findings, and submitted to the EPA	Met	50% RRA	100% ERP	n/a
Lost-Time Injuries	Number of work-related injuries resulting in lost work days	6	3	3	3
Risk-Transfer and Self-Insurance Evaluation	New ACWA JPIA risk-transfer (insurance) offerings identified and evaluated; risks and benefits of a self-insured model or higher RAP evaluated, with a recommendation to the Board	n/a	n/a	50%	100%
Site Docs Adoption	Number of users trained and actively using SiteDocs for Job Hazard Analysis, safety reporting, safety document storage, and permits	22	42	55	55

Public Information

The Public Information Division leads Rainbow Water's external communications, brand management, public outreach, and media relations. It maintains the website, newsletters, informational collateral, educational outreach, and public transparency efforts. By delivering accurate, timely, and accessible information, Public Information helps customers understand Rainbow Water's services and programs and builds lasting trust with the community.

Public Information advances Rainbow Water's 2026-2030 Strategic Plan primarily through the **Proactive Communication, Trusted Leadership,** and **Sustainable Finances** focus areas. Major activities include community and school outreach, media relations, website and digital communications, launching a social media program, securing grant funding for customer programs, and communicating the upcoming rate study and Proposition 218 process.

Public Information Major Accomplishments for FY 2025-2026

- **Community Outreach:** Participated in the Avocado Festival; North County Fire Open House; hosted two community blood drives; and hosted two community donation drives for Boys and Girls Clubs of North County and Fallbrook Food Pantry. ➤➤
- **School Engagement:** Expanded school outreach with elementary Read Across America visits; increased student participation in student poster contest by 88%; Speakers Bureau series visits to four high school classes; High School Volunteer Program participation increased by 150% with recruitment of three new high schools; and participated in high school student portfolio interviews. ➤➤
- **Water-Use Efficiency Programs:** Designed and executed a successful outreach campaign for the Grow with the Flow Plant Pilot Program, the District's first plant giveaway program. Provided 100 customers with water-use efficient, native plants to support long-term water savings, and design collateral to support plant best practices for planting and irrigation. Program fulfilled 100% of applications in the first 14 days, and 97% of plants received by customers at the pick up event. ➤➤
- **Smart Water Device:** Partnered with Flume to negotiate a two-year contract for smart water monitor devices with 50% of customer cost subsidized by the District. Program allows customers to make one time purchase and self-install device to track water use and detect leaks to prevent water waste. ➤➤
- **Strategic Plan Rollout:** Created 15 newsletters, and over a dozen new communications pieces covering customer service, operations, wastewater, water use efficiency, school programs, and engineering topics. Designed the Annual Budget, Sewer System Management Plans, and Consumer Confidence Reports to include visual storytelling through graphics and photography. ➤➤
- **Awards:** The Annual Water Quality CCR Report received the 2026 Excellence in Public Information and Communications (EPIC) Award from the California Association of Public Information Officials. ➤➤
- **Digital Media Policy:** Drafted the digital media policy for social media use and online meeting standards. ➤

- **Website Improvements:** Redesigned the website home page to align with ADA and WCAG 2.1 accessibility standards one year ahead of the compliance deadline. Improve site forms and page banners to align with brand standards for a consistent appearance.
- **Landscape Workshops:** Hosted a joint agriculture workshop with FPUD and Mission Resources Conservation District with an extensive promotional campaign that resulted in over 85 attendees and 78% were District customers (workshop pictured at right).

Public Information Goals for FY 2026-2027 and 2027-2028

- **Landscape Workshops:** Plan, promote and host two landscape workshops for residential and agriculture customers.
- **Social Media Policy:** Develop and present a digital media and artificial intelligence policy to legal and the Board; define posting roles, and hosting training to review standards.
- **Social Media Channels:** Expand communication efforts through rollout of two social media channels per year.
- **Award Entries:** Prepare and submit three award entries to industry organizations for communications and design.
- **Grants & Community Programs:** Apply for Metropolitan's MAAP grant program each fiscal year to fund the Plant Pilot Program to support the native plant educational campaign.
- **Content Planning:** Create a three-month content calendar with creative themes and channel-specific strategies to increase digital engagement.
- **Photo & Video Catalogue:** Continue expanding field photography and video assets for use in b-roll, publications, and campaigns; host staff photography training.
- **Email System:** Launch emergency email communications to improve customer alerts, program notices, and outreach.
- **Website Upgrade:** Continue District website improvements with enhanced accessibility, updated visuals, and removal of outdated content.
- **School Outreach Expansion:** Strengthen partnerships with elementary and middle schools and expand the Speakers Bureau's role in curriculum-based presentations.





Plant Giveaway Program pickup day at District headquarters

Public Information Measurable Goals & Objectives					
Activity	**Criteria**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
Website Redesign	Website redesigned with emergency resources, program pages, improved FAQ, new homepage layout, align with WCAG 2.1 and ADA standards	50%	100%	100%	100%
Sustainable Plant Program	Develop a Plant Giveaway Program supported by MAAP funding. Create a campaign for customers to receive water-use efficient plants	n/a	100%	100%	100%
Grant Applications	Apply for MAAP funding for $15,000 award to support the Plant Giveaway Program.	n/a	100%	100%	100%
Industry Recognition	Award submissions to industry organizations (CAPIO, CSDA, ACWA, APWA), three per year starting in FY 27	1	1	3	3
Social Media	Social media channels launched under a Board-adopted digital media and AI policy; content calendar and baseline follower and engagement metrics established	n/a	25%	50%	100%



Engineering

Responsibilities

The Engineering Department oversees the planning, design, construction, and inspection of all District infrastructure improvements. It manages the District's Capital Improvement Program (CIP), supports development review and coordination, and ensures all water and wastewater facilities meet District standards. The department also provides technical assistance to internal divisions, administers public bids and procurement documents, and maintains engineering records and GIS. Engineering plays a critical role in supporting **Reliable Infrastructure, Enterprise Resilience, and Sustainable Finances** through long-term capital planning, infrastructure investment, and cost-effective project delivery.



La Canada Pipeline Replacement Project

Engineering Major Accomplishments for FY 2025-2026

- **Manual Transfer Switch Installation:** Completed construction and installation of manual transfer switches at Morro Hills, Rainbow Hills, and Vallecitos pump stations. ➤➤
- **La Canada Pipeline:** Completed installation of two pressure-reducing stations and completed construction of the La Canada Pipeline Replacement Project. ➤
- **Interconnect Construction:** Completed logistics and construction of the Kingridge interconnect project. ➤
- **Tank Recoating:** Completed two tank recoating projects. ➤
- **Master Plan Update:** Commenced work on the Water and Wastewater Master Plans and completed the Urban Water Management Plan. ➤➤➤
- **Morro Tank Analysis:** Completed monitoring and structural evaluation of Morro Tank. ➤
- **Wild Acres Pump Station:** Completed design of the new pump station, formerly known as Gopher Pump Station. ➤➤
- **EPA Grant Design:** Grant awarded for emergency generators at five lift stations. Grant awarded for $2 million with a match of 80% from the EPA and 20% from the District. ➤➤
- **District Headquarters Renovation:** Presented facility renovation options to the District Renovation Ad-Hoc Committee for District Buildings 1 and 2. Completed construction of a new modular building to house the Engineering and IT departments. ➤➤
- **Eagles Perch Pipeline Project:** Completed design of the Eagles Perch Pipeline project. ➤
- **Sewer Replacement Study:** Completed a feasibility study for the North River Road Sewer Replacement Project. ➤



Kingridge Interconnect with FPUD



Tank recoating

Engineering Goals for FY 2026-2027 and 2027-2028

- **Wild Acres Pump Station:** Commence and complete construction of the pump station. ➤
- **Eagles Perch Pipeline Replacement Project:** Obtain necessary easement documents from residents, commence construction and completion of the pipeline. ➤
- **EPA Grant Design:** Commence design efforts for emergency generator replacement at five lift stations. ➤➤
- **North River Road Sewer Replacement:** Complete pre-design studies, reporting, and commence design efforts. ➤
- **Gopher Canyon Pipeline Rehabilitation:** Complete design of the pipeline project. ➤
- **Integrity Court Pipeline Project:** Complete installation of new pipeline utilizing the District's construction staff. ➤➤
- **Palomar Pipeline:** Complete 60% design of a new pipeline and commence construction utilizing the District's construction staff. ➤➤
- **Rainbow Glen Pipeline:** Complete 60% design on a new pipeline and commence construction utilizing the District's construction staff. ➤➤
- **Valley Oaks/Pala Mesa Cipp & Manhole Rehabilitation:** Complete design and commence construction. ➤
- **Gomez Pump Station Electrical Upgrades:** Start on design and commence construction. ➤➤
- **Lookout Mountain Pump Station:** Commence design efforts of the enclosure and new emergency generator. ➤➤
- **Morro Hills Pump Station:** Complete design and installation of the variable frequency drive. ➤➤
- **Rainbow Hills:** Complete installation of concrete pad and new tank antennae utilizing the District's construction staff. ➤➤



Engineering and IT modular buildings at District headquarters

Engineering Measurable Goals & Objectives					
Activity	**Criteria**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
Pipeline Replacement Project	Eagles Perch Pipeline Replacement Project design, easements, community outreach, commence construction and completion.	n/a	25%	100%	n/a
Pump Station Project	Wild Acres Pump Station project bid, construction, and completion	n/a	25%	50%	100%
Lift Station Design	Use EPA Grant funds to commence design efforts for emergency generator replacement at five lift stations	n/a	n/a	100%	100%
Sewer Replacement Project	North River Road Sewer Replacement Project to complete feasibility study, pre-design study, report, commence design efforts, and construction.	n/a	25%	50%	100%
District HQ Renovation	Facility renovation options presented to Ad-Hoc committee, construction of IT and Engineering modular buildings, ongoing improvements to headquarters.	25%	100%	100%	100%



Finance

Responsibilities

The Finance Department, under the direction of the Chief Financial Officer (CFO), is responsible for the financial stewardship and customer revenue operations of the District. Core responsibilities include accounting and financial reporting, budgeting and long-term financial planning, payroll, accounts payable, cash flow management, investments, debt administration, rate analysis, procurement, and internal controls. The department includes the **Customer Service and Meter Services Divisions,** which are responsible for utility billing, collections, customer account management, meter reading, and field support for billing inquiries. **Purchasing and Facilities** manages procurement, inventory, and maintenance of District facilities.

Through responsible financial planning, transparent reporting, integrated technology, and effective customer service, the department directly advances the Strategic Plan focus areas of **Sustainable Finances, Purposeful Technology, Proactive Communication, and Trusted Leadership.** The department supports Reliable Infrastructure by ensuring capital investments are financially sustainable and appropriately funded.



Finance

Finance Major Accomplishments for FY 2025-2026

- **ACFR and Annual Audit:** Completed the FY 2024–25 Annual Comprehensive Financial Report and received an unmodified independent audit opinion. The District also implemented GASB Statement No. 101 related to compensated absences and submitted the ACFR to GFOA for award consideration. ➤➤
- **GFOA Financial Reporting and Budget Awards:** Received the GFOA Distinguished Budget Presentation Award for the FY 2025–26 Budget for the tenth consecutive year and the Certificate of Achievement for Excellence in Financial Reporting for the FY 2023–24 ACFR for the fifth consecutive year. ➤➤➤
- **First Biennial Budget:** Developed and obtained Board adoption of the District's first biennial budget for FY 2026–27 and FY 2027–28. The budget provides two-year visibility into operating costs, capital investments, debt service, reserve levels, and customer rates while maintaining balanced Water and Wastewater Funds. ➤➤➤
- **ERP Replacement Selection:** Completed a comprehensive evaluation of Enterprise Resource Planning systems and obtained Board approval of Tyler Technologies as the District's preferred replacement platform. The new system will integrate financial management, procurement, utility billing, work orders, and asset management. ➤➤
- **Long-Term Financial Planning:** Expanded the District's multi-year financial modeling to incorporate wholesale water costs, rate scenarios, debt service, reserve recovery, operating requirements, and the five-year Capital Improvement Program. The analysis supported balanced rate recommendations designed to limit customer impacts while maintaining financial stability. ➤➤➤
- **Cost-Control Initiatives:** Completed a competitive procurement for independent auditing services that is expected to save approximately $26,800 over five years. The District approved a credit card processing fee policy projected to avoid approximately $142,500 in annual costs while retaining ACH and other no-fee payment options for customers. ➤➤➤



Vineyard along Camino del Rey

Finance Objectives for FY 2026-2027 and 2027-2028

- **ERP Implementation and Integration:** Complete configuration, data conversion, testing, training, and implementation of Tyler's core financial system by July 2027. Complete the Enterprise Asset Management implementation during FY 2027–28 and advance the utility billing implementation in preparation for the panned launch in January 2029. ➤➤➤
- **Financial Reporting Excellence:** Prepare timely and accurate ACFRs for FY 2025–26 and FY 2026–27, maintain unmodified audit opinions, and continue meeting GFOA standards for excellence in financial reporting and budget presentation. ➤➤
- **Long-Term Financial Sustainability:** Update the five-year financial plan regularly, maintain unrestricted reserves at or above the Board-established minimum. Monitor the adopted multi-year rate plan, and evaluate the effects of wholesale water costs, demand variability, debt service, and capital requirements. ➤
- **Alternative Funding and Revenue:** Pursue grants, State Revolving Fund financing, principal-forgiveness opportunities, investment earnings, and other non-rate revenues to reduce pressure on customer rates and support priority infrastructure projects. ➤➤
- **Internal Controls and Process Modernization:** Strengthen banking security, vendor administration, purchasing, accounts payable, payment approval, and reconciliation controls. Implement perpetual inventory procedures and barcode technology and use ERP workflows to improve efficiency, accountability, and auditability. ➤➤➤
- **Performance Measurement and Transparency:** Establish financial and customer-service performance measures supported by clear data-governance standards. Enhance budget-to-actual reporting, financial dashboards, and communication of rates, reserves, capital funding, and financial results to the Board and community. ➤➤➤
- **Customer Service and Billing Modernization:** Prepare customer data, procedures, and employees for the new utility billing system while continuing to improve digital self-service, payment options, collections, and clear customer communication regarding rates and account changes. ➤➤➤



Horse Creek Ridge neighborhood and Lilac Bridge in Fallbrook

Finance Measurable Goals & Objectives					
Activity	**Criteria**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
Annual Budget Completion	Timely completion and approval of annual budget, actual effective date of new rates	100%	100%	100%	100%
Vendor Invoice Payments	Maintained high-efficiency invoice processing with a sub-5% delinquency rate on accounts overdue by 30 days.	n/a	3%	Less than 5%	Less than 5%
Industry Awards	Prepare and submit annual budget reports to successfully secure GFOA and ACFR financial reporting awards.	100%	100%	100%	100%
New ERP System	Complete configuration, data conversion, testing, training,utility billing, and implementation of Tyler's core financial system.	n/a	25%	100%	100%
Alternative Funding	Secure at least 30% of total capital funding for priority infrastructure projects over the fiscal year through external grants, low-cost loans, and non-rate revenues, ensuring customer rate increases are held at or below the regional Consumer Price Index inflation rate.	100%	100%	100%	100%

Customer Service

The Customer Service Division is a branch of the Finance Department, responsible for billing, account setup and closure, payment processing, collections, and direct customer support via phone, email, and walk-in service. The division acts as the primary point of contact for ratepayers and plays a key role in resolving billing concerns and educating customers on District policies and procedures. Customer Service directly supports Customer Service by ensuring timely, clear, and helpful interactions and also contributes to **Sustainable Finances** through effective collections and payment plan administration.

Customer Service Major Accomplishments for FY 2025-2026

- **ERP Participation:** Actively participated in ERP system selection and provide feedback to ensure the system meets operational needs. ➤➤
- **Low Income Assistance Program:** Researched and began the process for procuring a financial assistance program tailored to Rainbow customers with past-due balances. ➤➤
- **Collections Tracking:** Improve collections through the creation of a detailed tracking spreadsheet to monitor funds recovered from delinquent accounts. ➤➤➤
- **Website Service Forms:** Created a new online form for customers to report Water Waste. Improved the Contact Us form page with relevant links to commonly asked questions, including updating contact information, starting service, and fees. ➤➤➤
- **Communications Improvements:** Collaborated with Public Information to develop website and newsletter content relevant to customer concerns to improve transparency. ➤➤





Customer Service Objectives for FY 2026-2027 and 2027-2028

- **ERP Rollout:** Participate in the new Tyler ERP system rollout by attending implementation meetings to become proficient with customer service functions for billing, debit/credit adjustments, payment plans, and collections processes . ➤➤
- **Collections Implementation:** Implement a formal collections policy with the new ERP system to collect past-due balances by collecting Social Security numbers or using a collections agency to improve collections procedures by at least 20%. ➤➤
- **PRV Notifications:** Collaborate with the Communications Department to notify customers located in high-pressure areas and request that they complete and sign a High Water Pressure Condition Form. The form will inform customers of the potential risks associated with elevated water pressure and recommend the installation of a pressure-reducing valve (PRV) at their residence to help protect their plumbing system and fixtures. Our goal is to reduce PRV failure claims by 30%. ➤➤➤
- **Create SOP For New ERP System:** Develop a comprehensive Standard Operating Procedure (SOP) outlining the processes and responsibilities associated with Customer Service operations. The SOP should provide clear, step-by-step procedures for key customer service functions, including processing customer payments, submitting and tracking service requests, issuing customer notifications for account lock-offs and emergency or scheduled water shutdowns, and managing other routine customer-related processes. The goal is to establish consistent procedures, improve operational efficiency, and ensure accurate and professional customer service. ➤➤➤➤
- **Create How-To Videos For ERP System:** Develop a step-by-step instructional video for the customer portal guiding customers through the enrollment process for the new ERP system portal, including instructions for setting up automatic payments. ➤➤➤
- **Create Talking Points List For Customer Calls:** Develop a standardized list of talking points for Customer Service Representatives (CSRs) to ensure consistent, accurate, and professional communication with customers regarding emergency water service shutdowns, billing-related inquiries, and water quality concerns. ➤➤



Ocean Breeze Ranch residential development in Bonsall

Customer Service Measurable Goals & Objectives					
Activity	**Criteria**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
Timely response to customer calls	Maintain an average speed of answer of under 60 seconds for all incoming customer support calls during operating hours	100%	100%	100%	100%
Autopayment Promotion	Transition active phone-payment customers to self-service autopay within the next 12 months to reduce manual processing redundancies and lower transaction handling costs.	25%	30%	35%	45%
Customer Request Response	Respond and complete requests within 24-hours	95%	100%	100%	100%
Collections Tracking	Design and launch a comprehensive collections tracking spreadsheet to monitor delinquent accounts, increasing total funds recovered and reduce average days delinquent by 10 days	n/a	100%	100%	100%
New Customer Accounts	Process new online residential customer account requests—including full account setup, rate information delivery, and autopay enrollment—within 24-hours of submission	100%	100%	100%	100%

Meters

The Meters Division is responsible for accurate and timely meter reading, meter repair and replacement, and protection of the potable water system through cross-connection control. The team also responds to service orders and field investigations, engages with customers on billing concerns, and maintains compliance with state regulations for backflow prevention. This division directly supports **Sustainable Finances** through accurate metering and equipment maintenance, **Reliable Infrastructure** through system protection, and **Purposeful Technology** by resolving usage and billing inquiries in the field.

Meters Major Accomplishments for FY 2025-2026

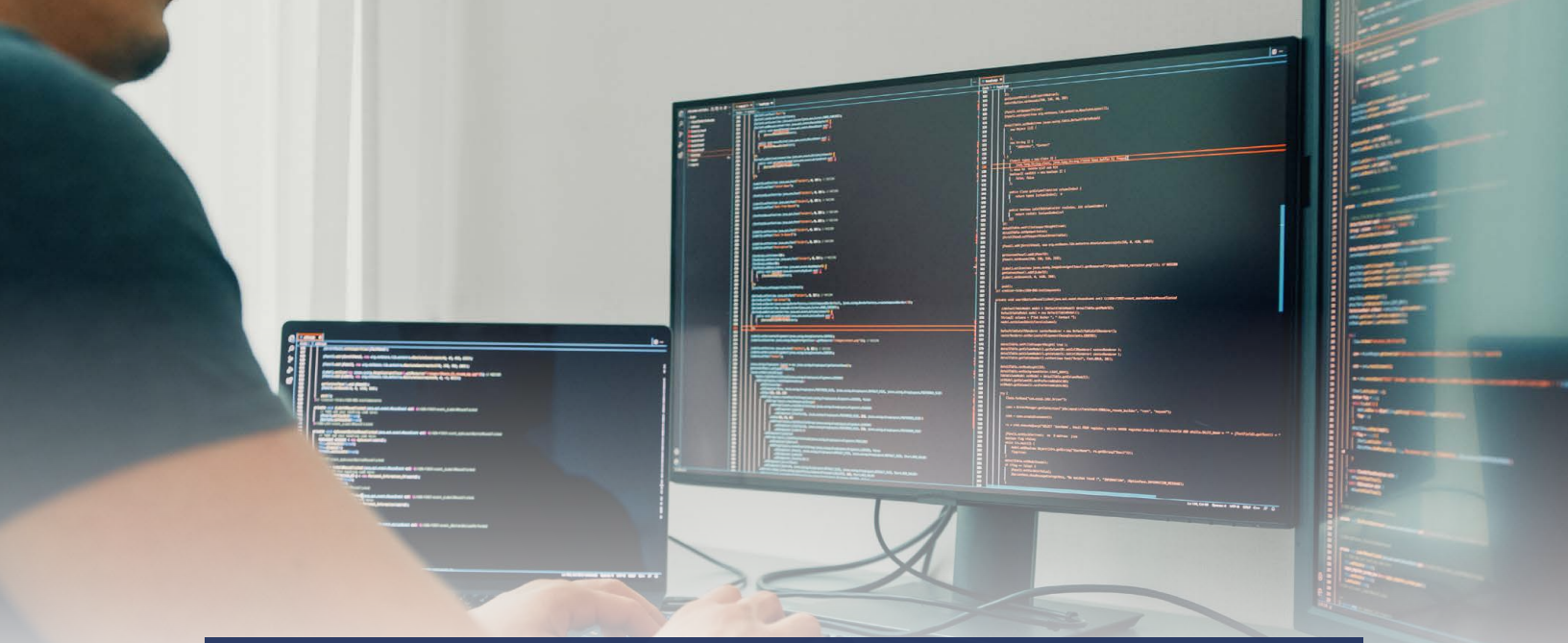
- **Backflow Program Enforcement:** Continued testing all backflow devices, sending failure notices, and locking off non-compliant services as needed. Enforced the new Cross-Connection Control Plan. ➤➤
- **Meter Replacement:** Continue identifying and replacing broken or under-registering meters.➤➤
- **Reading Goal:** Consistently complete all meter readings within the first two working days of each month. ➤➤
- **Check Bill Consolidation:** Work with the Billing Specialist to streamline and consolidate check bills. ➤➤
- **AMI Feasibility:** Research, study, and test Advanced Metering Infrastructure (AMI) to determine feasibility for future implementation. ➤➤

Meters Objectives For FY 2026-2027 and 2027-2028

- **Meter Read Efficiency:** Consistently complete all meter readings within the first two working days of each month. ➤➤
- **PRV Replacement:** Replace PRV's on a weekly basis to prevent potential claims due to damage from high pressure. ➤➤
- **Install Automatic Shutoff Badger Meters:** Continue to install automatic shutoff valve Badger meters at high risk customer homes/frequent lock-off customer. ➤➤
- **Leak Detection Pilot Program:** Continue to participate in the leak detection pilot program to test the leak technology and reduce our overall water loss. ➤➤
- **Backflow Program Enforcement:** Test 100% of all backflows, and send notices to customers who have a backflow that failed the test, and require them to make repairs, otherwise lock their meter due to non-compliance. ➤➤
- **Meter Replacement:** Replace meters that are broken or decoupled to ensure accurate reads and capture revenue for the District. ➤➤
- **Monitor Agriculture Usage:** Continue to monitor the highest water users to ensure they remain under the maximum allowable monthly flow and have the appropriate sized meter. ➤➤



Meters Mensurable Goals & Objectives					
Activity	**Criteria**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
Customer Service Requests	Resolve 100% of customer service requests within 24-hours to maximize customer satisfaction and efficiency.	100%	100%	100%	100%
District PRV Replacement	Inspect and replace damaged pressure-reducing valves as flagged by maintenance personnel. Replace within two months.	6 mos	4 mos	3 mos	2 mos
Meter Efficiency Reads	Read all AMR meter routes within the first seven days of the month.	4 days	3 days	3 days	3 days



Information Technology

Responsibilities

The Information Technology Department oversees all aspects of the District's technology infrastructure. It is organized into two divisions: **Information Systems,** which manages software systems, cybersecurity, data management, and business applications; and **Electrical and SCADA Services,** which supports power systems, control systems, telemetry, and SCADA-based operational technology. The IT Department plays a key role in supporting **Purposeful Technology, Enterprise Resilience, Reliable Infrastructure,** and **Sustainable Finances** by ensuring secure, modern, and efficient digital tools and infrastructure that enhance service delivery, staff productivity, and system resilience.

Information Technology

The Information Technology division provides support for end-users and District computer systems. Responsibilities include hardware and software installation, desktop and network troubleshooting, and system maintenance. The division also maintains integrations between various District systems, including GIS, online/mobile GIS, Asset Management, SCADA, financial software, and Automated Metering Infrastructure.

Information Technology Major Accomplishments for FY 2025-2026

- **Cybersecurity Improvements**: Enhanced the District's cybersecurity defenses, started a cybersecurity assessment funded by the State and Local Cybersecurity Grant Program and began implementing the Cybersecurity Initiative. ➤➤➤
- **SCADA Cybersecurity**: Worked with the SCADA Division to improve cybersecurity on the SCADA network. ➤➤➤
- **SCADA Upgrade:** Completed the District-wide SCADA upgrade project in partnership with Operations and Engineering. ➤➤➤
- **Asset Tracking Tools:** Implemented Vulnerability Management Software to proactively detect and patch vulnerabilities in the Districts systems. ➤➤
- **Cybersecurity Resiliency:** Implemented a Security Information and Event Management (SIEM) system to give us better visibility over our systems. ➤➤➤
- **Digital Records Transition:** Deployment of the Laserfiche document management system. ➤➤➤
- **SCADA Support:** Complete software components for the Gomez Chloramination Project. ➤➤➤➤

Information Technology Objectives for FY 2026-2027 and 2027-2028

- **Cybersecurity Advancement:** Continue enhancing District cybersecurity practices across all systems. ➤➤
- **Cybersecurity Improvements:** Enhance the District's cybersecurity defenses by completing the cybersecurity assessment funded by the SLCGP grant. ➤➤
- **ERP Integration:** Assist in the selection and implementation Implement of the new ERP systems to modernize financial, billing, and asset management tools. ➤➤
- **Grant Projects:** Completed second-year deliverables under the State and Local Cybersecurity Grant Program (SLCGP). ➤➤
- **Staff Tool Development:** Build software for an automated Performance Evaluation Tracker. ➤
- **SCADA Support:** Complete software components Deploy in-house built Chloramination system for Hutton and Turner for the Gomez Chloramination Project. ➤➤
- **Server Resiliency:** Improve business continuity by implementing server redundancy solutions. ➤➤
- **Network Surveillance:** Deploy a network monitoring on the District's network. ➤➤



Turner Tank and Wild Acres Skid Pump Station

Information Technology Measurable Goals & Objectives					
Activity	**Criteria**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
Network and Server Performance	Reliable and dependable network and server availability during business hours	99.9%	99.9%	99.9%	99.9%
Timely Resolution of User Problems	Percentage of user requests resolved within 72 hours	73%	63%	80%	90%
Cybersecurity & Data Threat Protection	Percentage of staff completing annual role based cybersecurity training, and critical vulnerabilities remediated within 30 days	100%	100%	100/ 90%	100/ 95%
Implement Tyler ERP Financial System	Finance module live in production by July 1, 2027, within Board approved budget, with role based training completed for all users before cutover	n/a	n/a	100%	n/a
Migrate Asset Management System to Tyler	Migrate from Infor EAM to Tyler; scope, data inventory, and schedule approved by the GM, followed by migration and retirement of Infor EAM	n/a	n/a	15%	100%
Complete SLCGP Grant Funded Security Projects	Year one and year two grant projects completed, including full server redundancy, with reimbursement documentation submitted	n/a	50%	100%	n/a





Electrical and SCADA Services Division

The Electrical and SCADA Services Division maintains all electrical, electronic, instrumentation, control, and data networks and SCADA systems, used to control equipment that supplies and treats water for District customers. The team continuously improves system efficiency, ensures operational ease, and monitors District facilities for electrical safety and code compliance to maintain a secure and reliable electrical environment.

Electrical and SCADA Services Major Accomplishments for FY 2025-2026

- **Security Upgrades:** Installed additional surveillance cameras at critical District sites. ➤➤
- **SCADA Infrastructure:** Upgraded aging SCADA radios and switches at multiple locations. ➤➤
- **Power Backups:** Added battery backup panels at critical sites to ensure operational resiliency. ➤➤
- **Equipment Upgrades:** Replaced soft starts at Huntley Pump Station and motor starters at Golf Club Lift Station. ➤➤
- **Preventative Maintenance:** Used Infrared Cameras to detect overheating electrical components. ➤➤

Electrical and SCADA Services Objectives For FY 2026-2027 and 2027-2028

- **Security Expansion:** Add additional security cameras at key District sites. ➤➤
- **SCADA Infrastructure:** Upgrade aging SCADA radios and switches at multiple locations. ➤➤
- **Site Resilience:** Install and program SCADA control for Vallecitos Pressure Reducing Valve. ➤➤
- **System Security Resilience:** Deploy Modems to SCADA sites to completely isolate our SCADA network from the internet. ➤➤
- **Emergency Operation Resilience:** Add battery backup panels at critical sites to ensure operational resiliency. ➤➤
- **Equipment Upgrades:** Rest and replace failing breakers at sites throughout the District. ➤➤
- **Infrastructure Reliability:** Install a Variable Frequency Drive at Morro Pump Station to reduce electrical use and enable operators to remotely adjust flow. ➤➤



Lookout Mountain Tank

Electrical and SCADA Measurable Goals & Objectives					
Activity	**Criteria**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
SCADA and Electrical System Maintenance	Complete annual preventative maintenance at 44 District sites	80%	100%	100%	100%
Reliable SCADA Comms	SCADA system and site communication availability to Operations	99%	100%	100%	100%
Emergency Backup Coverage	SCADA Technician and Electrician cross trained to provide backup coverage for each other	n/a	n/a	100%	100%
In-House Technical Capability	Percentage of routine SCADA and PLC work completed by District staff rather than contractors; staff industry certifications (CWEA, Ignition) obtained	25%	90%	90%	100%
Secure SCADA Network	Install SCADA modems to air gap the SCADA network at all applicable sites, with configuration documented and verified	n/a	n/a	100%	100%
In-House Chlorami-nation Residual Control	Complete SCADA and electrical scope (controls testing, configuration, operator handoff) at tank sites.	n/a	1 site	2 sites	2 sites



Operations

Responsibilities

The Operations Department, overseen by the Chief Operating Officer, is responsible for maintaining and operating the District's water and wastewater systems. It includes six key divisions: Construction, System Operations, Wastewater, Valve Maintenance, Pumps & Motors Maintenance, and Fleet Maintenance. Together, these teams ensure reliable water delivery, effective wastewater collection, timely emergency response, accurate metering, system monitoring, and ongoing infrastructure upkeep. The department also maintains the District's fleet of vehicles and heavy equipment to support field operations around the clock. The Operations Department supports strategic focus areas of **Enterprise Resilience, Reliable Infrastructure,** and **Sustainable Finances** with a concentration on safety, efficiency, and regulatory compliance. The Operations Department is critical in sustaining high-quality service and supporting the District's mission to serve the community reliably and responsibly.



Construction

The Construction Division is responsible for the maintenance, repair, and installation of the District's water and wastewater pipeline infrastructure. As the District's largest field division, it responds to main breaks and leaks, supports capital improvement projects, installs valves and services, and performs emergency repairs. Construction works closely with the Valve Maintenance, Meters, and Wastewater divisions to ensure continuous water delivery and system functionality. It primarily supports **Reliable Infrastructure** through direct infrastructure maintenance but also contributes to **Enterprise Resilience** and **Sustainable Finances** through efficient project execution and system reliability improvements.

Construction Major Accomplishments for FY 2025-2026

- **Pipe Installation:** Installed 4,000 feet of new water main as part of the CIP pipeline replacement program. ➤
- **Emergency Response:** Responded & Repaired 35 Water main breaks. ➤
- **Mutual Aid:** Installed interconnection at with Fallbrook Public Utility District at Kingridge Drive location. ➤➤➤
- **Detachment Infrastructure Finalization:** Severed final connection to San Diego County Water Authority Connection 11 at Silverleaf Lane. ➤➤➤
- **Pressure Reducing Stations:** Installed two additional pressure-reducing stations to support infrastructure resiliency. ➤➤
- **Valve Installation:** Replaced 22 valves as part of the CIP Valve Replacement Program. ➤➤

Construction Objectives For FY 2026-2027 and 2027-2028

- **Pressure Reducing Stations:** Continue District-wide pressure management efforts by installing Pressure Reducing Stations at strategic locations. ➤➤
- **System Leak Control:** Support the system leaks protection program. ➤➤
- **System Improvements:** Install 1,000 feet of eight inch loop system at Integrity Court. ➤➤➤
- **Valve Installation:** Install or replace 30 capital improvement valves in FY 17 and FY 28 to reduce the number of customers affected during shutdowns. ➤➤➤
- **Water main Replacement:** Replace 1,000 feet of water main line located on Palomar Road. ➤➤



Construction Measurable Goals & Objectives					
Activity	**Criteria**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
Main Break Response and Repair	Responded to Main Line Breaks within 30 minutes, and repair within 12 hours	80%	100%	100%	100%
Valve Replacement Program	Installation of 30 valves per year	n/a	73%	100%	100%
New Water Main Exercise	Install a new water main at Palomar and Integrity Court with minimum of 1,000 feet in FY 27 and 1,500 feet in FY 28.	n/a	n/a	100%	100%



Fleet Services

Fleet Services, managed by the Senior Fleet Mechanic, oversees the maintenance, repair, and regulatory compliance of the District's vehicles, heavy equipment, and small tools. This includes coordinating inspections, equipment upgrades, and maintaining inventory records to ensure readiness for daily and emergency operations. Fleet Services directly supports **Enterprise Resilience** by keeping essential vehicles and machinery in working condition, and contributes to **Sustainable Finances** through preventative maintenance, regulatory compliance, and in-house repair capabilities that reduce outsourcing costs.

Fleet Services Major Accomplishments for FY 2025-2026

- **Parts Room Organization:** Improved department inventory through installation of shelf storage, wiper blade, and wiring arrangements at the parts rooms to maintain orderly inventory. ➤➤
- **Diesel System Maintenance:** Monitor and arrange Diesel Particulate Filter cleanings and perform opacity/smoke testing per CARB regulations. ➤➤
- **Spill Response Improvements:** Purchase and install improved storage for waste oil and antifreeze, add spill kits and major clean-up equipment. ➤➤
- **Fleet Maintenance:** Continue regular maintenance of all on-road and off-road vehicles and small equipment to ensure readiness and safety. ➤➤
- **Electric Vehicle (EV) Pilot Preparation:** Collaborate with Electrical Services to install EV charging systems and pilot test future CARB-compliant electric vehicles. ➤➤
- **Emergency Readiness:** Ensure infrastructure and emergency generators are maintained and ready for sustained outages. ➤



Fleet Services Objectives For FY 2026-2027 and 2027-2028

- **Vehicle Purchase:** Specify and purchase replacement vehicles to include EV's. ➤➤➤
- **Leverage Technology:** Apply for credentials as a Clean Truck Check program for CARB. Install diagnostic software for CARB-compliant Clean Truck Check. ➤➤➤
- **Vehicle Decommission:** Coordinate and arrange for listing decommissioned replaced trucks on GOV deals website. ➤➤
- **Vehicle Modifications:** Continue specialized vehicle upfit-work with local vendors on all truck upfits. ➤➤
- **Fleet Maintenance:** Maintain the fleet in a constant state of readiness complying with all state and federal regulations. ➤➤

Fleet Measurable Goals & Objectives

Activity	Criteria	FY 2025	FY 2026	FY 2027	FY 2028
EV Pilot Preparation	Purchase Vehicles and Install Charging Stations to align with CARB regulations	n/a	100%	100%	100%
Diesel System Maintenance	Monitor and arrange Diesel Particulate Filter cleanings and perform opacity/smoke testing per CARB regulations	100%	100%	100%	100%
Fleet Maintenance	Regular maintenance of all vehicles and small equipment to ensure readiness and safety	100%	100%	100%	100%
Emissions Testing	Completed fleet SMOG testing for compliance	100%	100%	100%	100%



Pumps and Motors

This division maintains and repairs pumps, motors, and related equipment across the District's water and wastewater systems. These functions were previously handled by the System Operations Division, but in FY 2024–25, a full-time employee was hired to serve as a dedicated resource for this specialized work. The division ensures that facilities operate efficiently and reliably to support water distribution and wastewater collection. Routine inspections and preventative maintenance reduce downtime and extend equipment life, directly supporting **Enterprise Resilience** and contributing to **Sustainable Finances** and **Reliable Infrastructure** by improving system reliability and avoiding costly failures.

Pumps and Motors Major Accomplishments for FY 24-25

- **Preventive Maintenance:** Develop a preventive maintenance schedule for all pumps and motors used in water and wastewater systems. ➤➤
- **Generator Maintenance:** Develop a preventive maintenance schedule for all District backup generators. ➤➤
- **Asset Documentation:** Document all pumps and motors in the Enterprise Asset Management (EAM) system, including photographs. ➤➤
- **Equipment Servicing:** Perform full service and maintenance on all pumps and motors in the system. ➤➤
- **Fuel Conditioning:** Perform diesel fuel conditioning for all backup generators to ensure readiness. ➤➤



Pumps and Motors Services Objectives For FY 2026-2027 and 2027-2028

- **Preventive Maintenance:** Measure and record quarterly vibration measurements on the District pump station motors. Removal, rebuilding and reinstallation of the pumps at Rancho Amigos pump station. ➤➤
- **Pump Station Enhancements:** Coordinate with construction the installation of West Lilac and Dentro pump station inline strainers. ➤➤
- **Generator Maintenance:** Perform full service and maintenance on all generators in the system. ➤➤
- **Equipment Servicing:** Perform full service and maintenance on all pumps and motors in the system. ➤➤
- **Fuel Conditioning:** Perform diesel fuel conditioning for all backup generators to ensure readiness. ➤➤

Pumps and Motors Measurable Goals & Objectives

Activity	Criteria	FY 2025	FY 2026	FY 2027	FY 2028
Generator Maintenance	Annual generator maintenance at 15 District sites	n/a	n/a	100%	100%
Maintenance Service	Performed full maintenance service on all pumps and motors	n/a	100%	100%	100%
Fuel Conditioning	Annual fuel conditioning inspection, including filter, pump, and stabilizer	n/a	n/a	100%	100%


Pala Mesa Tank

Water System Operations

The System Operations Division manages the operation of the District's potable water distribution system to ensure continuous, safe, and efficient delivery of water to customers. Staff monitor and control the system through a SCADA (Supervisory Control and Data Acquisition) platform, operate pump stations and reservoirs, maintain chloramination systems, and perform field-based sampling and inspections. The division also assists with commissioning of capital projects and emergency operations. System Operations supports **Reliable Infrastructure** through hands-on operational maintenance, **Enterprise Resilience** by ensuring efficient use and treatment of water, and **Sustainable Finances** through chemical optimization, energy management, and preventative practices that minimize system failures and operating costs.

Water System Operations Major Accomplishments for FY 2025-2026

- **Met Connections:** Successfully implemented and performed the quarterly inspections and servicing of the 4 Aqueduct connections that Rainbow Water acquired operations from Metropolitan. ➤➤
- **Variable Frequency Drive (VFD) Implementation:** Contracted with vendor to install a VFD controller and perform integrations. System Operations successfully tested and activated for use at Rainbow Heights Pump Station. ➤➤
- **Distribution Optimization:** Successfully installed control pilot and activated two new pressure reducing stations at the new La Canada pipeline. These new stations provide a redundant continuous lower pressure that will preserve the new eight inch main. ➤➤
- **Distribution System Enhancements:** Partnered with FPUD to construct a mutually beneficial interconnection to enhance system reliability, including providing critical support during SDCWA aqueduct shutdowns. ➤➤
- **Chloramination Installation – Turner:** Installed full chloramination system (chemical tanks, pumps, injection lines, injection spargers) at Turner Tank. ➤➤
- **Tank Cleaning:** Washed out and disinfected five potable water storage tanks, and inspected all tanks and reservoirs as per SWRCB ROV. ➤➤
- **Reservoir Maintenance:** Performed two emergency and 15 preventative maintenance cover repairs. These repairs preserve the integrity of the floating cover and prevent potential outside contamination. ➤➤

Water System Operations Objectives For FY 2026-2027 and 2027-2028

- **Pressure Station Installation:** Work with Engineering and Construction to install above-ground pressure stations for improved system control. ➤➤
- **Mixer Installation:** Install at least one in tank mixer to improve water quality. ➤➤
- **New Heli-Hydrant:** Support installation of a new Rapid Aerial Water Supply (RAWS) Heli-Hydrant near Gomez Tank. ➤➤
- **Residual Control Injection System:** Install at least two residual control injection systems at our storage tanks that don't already have one. ➤➤
- **State Required Testing:** Successfully perform the required Lead, Copper, and EPA UCMR testing. ➤➤
- **Pressure Station Automation Implementation:** Identify and initiate at least one future pressure station site to be automated and integrated into SCADA. ➤➤
- **Wild Acres Pump Station Construction:** Continue to support Engineering with design, operational planning, and construction for the new pump station. ➤➤

Water System Measurable Goals & Objectives

Activity	Criteria	FY 2025	FY 2026	FY 2027	FY 2028
Metropolitan Connection Maintenance	Quarterly valve inspections and servicing of the four Aqueduct connections	n/a	100%	100%	100%
Chloramina-tion Installation	Install one per year of full chloramination system (chemical tanks, pumps, injection lines, injection spargers)	n/a	100%	100%	100%
Tank Maintenance	Annually inspect all tanks and reservoirs, disinfect every 3-5 years	100%	100%	100%	100%
Pressure System Automation	Pressure System automation install at rate of one per year	n/a	n/a	100%	100%
Drinking Water Regulations	Full compliance with all Federal and State drinking water quality regulations.	100%	100%	100%	100%



Valve Maintenance

The Valve Maintenance Division is responsible for maintaining the integrity and operability of the District's valve infrastructure, which is critical for isolating sections of the system during shutdowns and emergencies. The division exercises valves, replaces faulty air vents, maps valve locations, updates GIS data, and ensures all appurtenances are well maintained and accessible. By proactively maintaining valve and appurtenance functionality, the division ensures system reliability, minimizes service disruption, and reduces long-term infrastructure costs. Valve Maintenance directly supports **Enterprise Resilience** and **Reliable Infrastructure** by improving system responsiveness and reliability, and contributes to **Sustainable Finances** by avoiding unplanned repairs and water loss.

Valve Maintenance Major Accomplishments for FY 2026-2027 and 2027-2028

- **Valve Exercising:** Exercised over 1,700 valves District-wide. ➤➤➤
- **Mapping Corrections:** Entered over 100 corrections into the Geoviewer mapping system. ➤➤
- **Shutdowns:** Performed 113 system shutdowns for planned work. ➤➤
- **Air Vent Replacements:** Replaced 83 air vents to maintain pressure regulation. ➤➤
- **Appurtenance Painting:** Painted 1,832 valve cans, hydrants, and other appurtenances. ➤➤
- **Fire Hydrant Replacements:** Replaced 10 fire hydrants. ➤➤

Valve Maintenance Objectives For FY 25-26

- **Valve Exercising:** Continue valve maintenance program by exercising 2,000 valves. ➤➤➤
- **Inoperable Valve Identification:** Identify critical inoperable valves for targeted replacement. ➤➤➤
- **Mapping Maintenance:** Stay current with mapping corrections in Geoviewer. ➤➤➤
- **Appurtenance Painting:** Paint 2,000 above-ground appurtenances to preserve visibility and condition. ➤➤
- **Leak Detection:** Continue to support the District-wide leak detection program. ➤➤➤



Fallbrook view from Pala Mesa Tank

Valve Maintenance Measurable Goals & Objectives					
Activity	**Criteria**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
Valve Exercising	Exercise 2,000 valves per year	75%	85%	85%	100%
Air Vent Maintenance	Replace air vents at 80 per year	100%	100%	100%	100%
Valve Replacement	Identify 30 inoperable valves for replacement annually	100%	100%	100%	100%



City of Oceanside's San Luis Rey Reclamation Facility

Wastewater

The Wastewater Division is responsible for the safe and reliable collection of wastewater from District customers and the operation of lift stations and gravity sewer lines. Although the District contracts with the City of Oceanside for wastewater treatment, Rainbow staff ensures that all flows are transported safely and in compliance with regulatory requirements. The team performs preventive maintenance, odor control, CCTV inspections, sampling, and manhole rehabilitation. The division plays a vital role in protecting public health and environmental quality and supports the District's **Enterprise Resilience, Reliable Infrastructure,** and **Sustainable Finances** through infrastructure reliability, regulatory compliance, and proactive system maintenance.

Wastewater Major Accomplishments for FY 2025-2026

- **CIP Support:** Assisted Engineering with upcoming Capital Improvement Projects. ➤➤
- **Generator Replacements:** Coordinate generator replacements at Lake Rancho Viejo, Rancho Monserate, and B Plant. ➤➤
- **Regulatory Reporting:** Complete the 2025 Sanitary Sewer Systems General Order Annual Report. ➤➤
- **Sampling & Monitoring:** Maintain quarterly sampling and flow tracking in partnership with the City of Oceanside. ➤➤
- **SSMP Updates:** Finalized implementation of the General Order WQ2022-0103-DWQ by the August 2025 deadline. ➤➤
- **Odor Control Monitoring:** Continue H_2S monitoring and implement mitigation strategies near lift stations and older neighborhoods. ➤➤

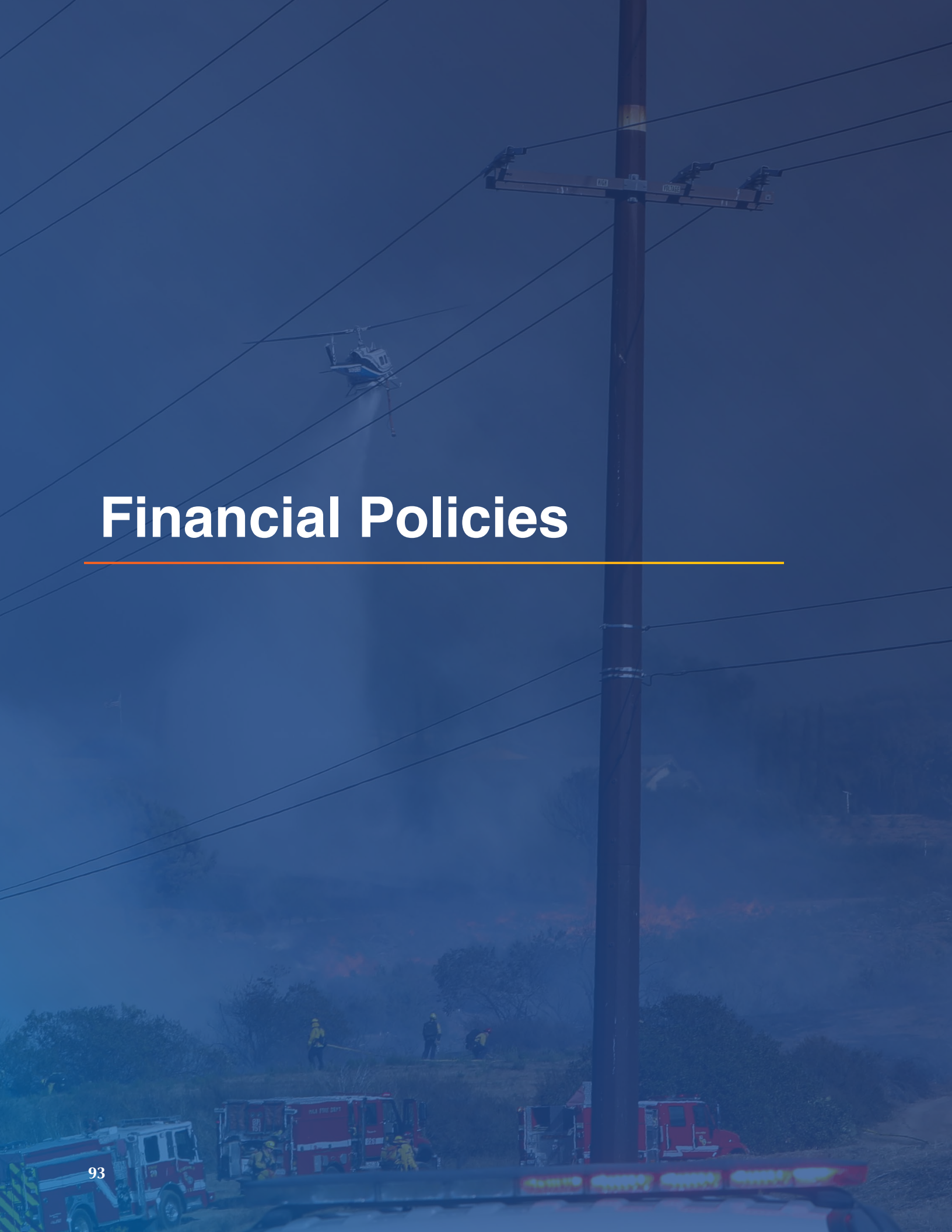
- **Air Valve Replacements:** Replace 2" APCO air release valves at Thoroughbred Lift Station with four ARI D-26 valves. ➤➤
- **FOG PROGRAM:** Expand outreach and inspection to all 46 active Food Service Establishments. ➤➤
- **CCTV EXPANSION:** Increase contractor CCTV inspections from 30% to 35% of the system. ➤➤➤
- **Manholes:** Rehabilitate sewer manholes, a total of 11 completed. ➤➤

Wastewater Goals for FY 2026-2027 and FY 2027-2028

- **CIP Support:** Continue assisting the Engineering Department with completing the upcoming Wastewater Capital Improvement Projects to include Ocean Breeze Ranch, The Havens, Bonsall Community Park. ➤➤
- **Odor Control Monitoring:** Manage Evoqua bioxide odor control treatments as follows or adjust accordingly based on weather patterns: Horsecreek and Thoroughbred Lift Stations. ➤➤
- **FOG Inspections:** Fats, Oils, and grease (FOG) inspections. Provide outreach to 42 current Food Service Establishments per General Order # WQ 2022-0133 - DWQ. ➤➤➤
- **Sewer Flushing:** Increase total lineal feet for high velocity sewer flushing. Reported 99,281 feet in FY 2025-2026, increase to 125,000 lineal feet for FY 27 and FY 28. ➤➤
- **Manhole Rehabilitation:** Rehabilitate manholes with contracted repairs, add five new sewer manhole rehab/repairs to the increasing collection infrastructure. ➤➤

Wastewater Measurable Goals & Objectives

Activity	Criteria	FY 2025	FY 2026	FY 2027	FY 2028
Sanitary Sewer Systems General Order Annual Report	Complete the annual report in accordance with state requirements	100%	100%	100%	100%
FOG Program	Complete 50 inspections per year for all food service establishments	80%	84%	100%	100%
Manhole Rehabilitation Program	Rehabilitate 10 manholes per year	100%	100%	100%	100%
Sewer Flushing	Increase high-velocity sewer flushing to 125,000 linear feet in FY 27 and FY 28.	100%	100%	100%	100%



Financial Policies

Cash Reserves

The Reserve Policy ensures sufficient funding for operating, capital, and debt service obligations, while stabilizing water and wastewater rates to minimize customer rate shock. Adequate reserves and sound financial policies promote the District's bond ratings in the capital markets and lowers the cost of capital, provide financing flexibility, avoid potentially restrictive debt covenants. This Reserve Policy shall cover all reserve funds of the District.

Working Capital (Operating) Reserves

This reserve target is intended to provide funding for short-term cash flow needs from timing variances between revenues and expenses and provides liquidity to fund its operating and capital obligations. The target is set at three months of budgeted operating expenses, not including depreciation, for the current fiscal year. It is funded through net operating revenues sourced primarily from monthly rates and charges.

Debt Service Reserve

This reserve target is intended to ensure there is sufficient funding for the District to be able to fully pay its debt service obligations in any given year. The target is set at one year of debt service (principal and interest) for all external loans and outstanding bonds, less any restricted funds held in trust as a debt reserve according to debt agreements that may be used for the payment of debt service. The reserve target calculation for variable interest debt may use the rate used in the development of the budget or the most current projected probable rate. It is funded through net operating revenues sourced primarily from monthly rates and charges.

Rate Stabilization Reserve

This reserve target is intended to provide funding for unbudgeted higher expenses (operating and capital) or lower than anticipated revenues to enable stable rates and smoother year-to-year rate transitions. The target is set at 10% of current budgeted revenues, excluding grants and capacity fees, or other non-reoccurring type revenues. It is funded through net operating revenues sourced primarily from monthly rates and charges.

Capital Replacement Reserves

This reserve target is intended to fund unanticipated capital asset replacements, capital project cost increases, and advancing the implementation timing of planned capital projects, if prudent. The target is set at one year of depreciation on best available estimate of the current capital asset replacement value assuming an average useful life of assets of 75 years. Capital replacement reserves are primarily funded by capacity fees, and if insufficient, then net operating revenues.

Special Project Reserve

This reserve target is intended as a mechanism to set aside funding for future major capital improvement projects or initiatives that would require significant rate increases or undesired debt burden. The target is based on the cumulative total funding targets for any applicable specific projects or initiatives as included in the adopted budget or approved by separate Board action. It is funded through net operating revenues sourced primarily from monthly rates and charges.

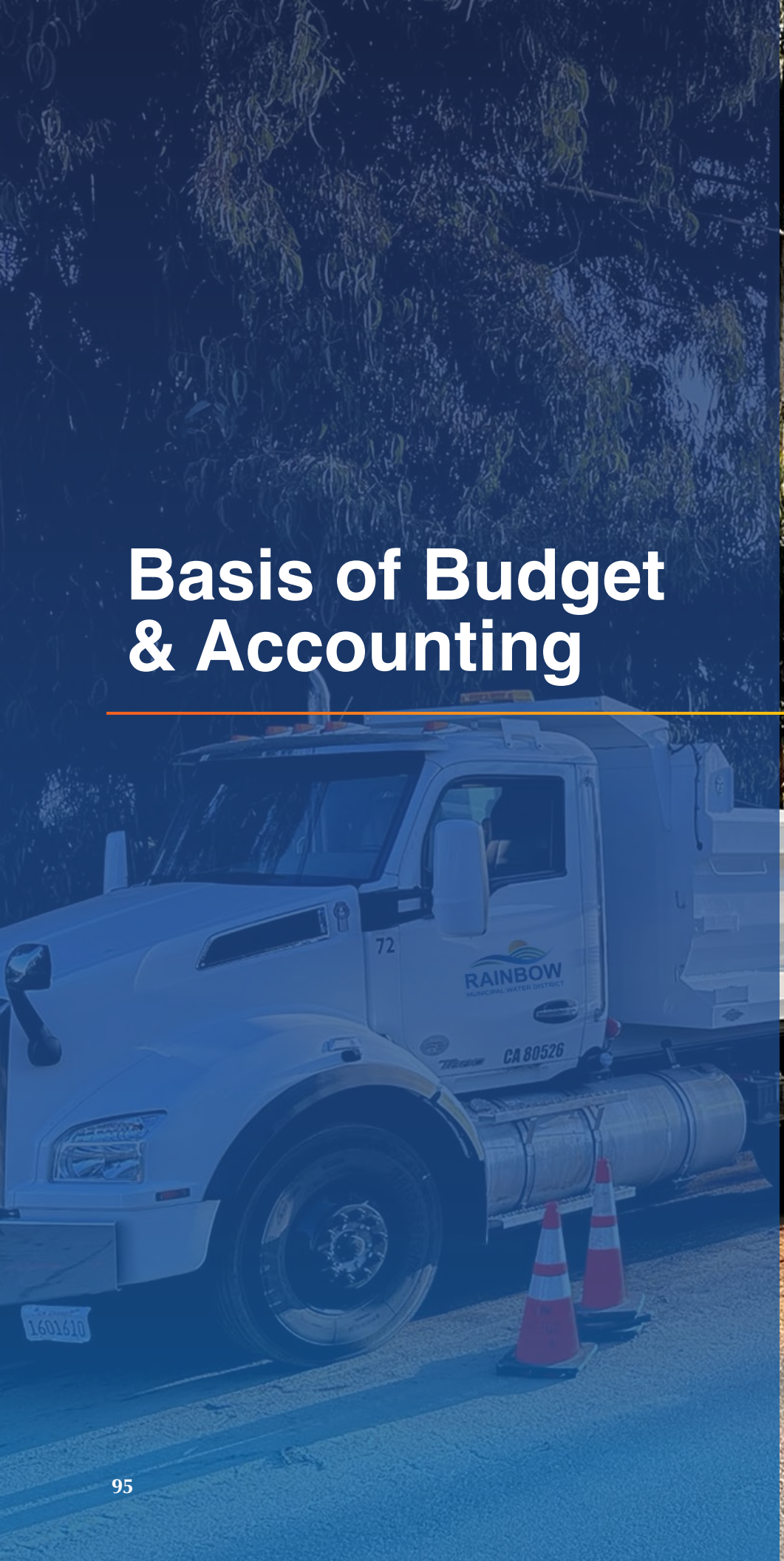
Emergency (Disaster) Reserve

This reserve target is intended to provide initial liquidity to respond to major emergencies, such as earthquakes or wildfires, until other funding can be secured (i.e. FEMA, debt financing, insurance proceeds, etc.), or cover the costs of these disaster responses, in whole or part. The target is set at 1 year of depreciation on best available estimate of the current capital asset replacement value assuming an average useful life of assets of 75 years. This is funded through net operating revenues sourced primarily from monthly rates and charges.

Facility Expansion Reserve

Facility Expansion Reserves are funded by the cash collected for water or wastewater capacity fees assessed for the purpose of future expansion or improvement of the water system benefiting new customers. It does not have a specific target and is funded purely by the portion of collected capacity fees for this purpose and applicable interest revenues.

Basis of Budget & Accounting



Basis of Budgeting

A major element of financial data activity rests in the act of budgeting. Budgeting is the process of allocating finite resources to the prioritized needs of the District. As such, a balances budget is one where all identified budgeted expenses have at an equal number of budgeted financial resources to pay for them including revenues and any use of cash reserves (fund balance). The budget represents the legal authority to spend money. Adoption of the District's budget implies that a set of decisions has been made by the Board of Directors and administrators that culminates in matching District's resources with the needs. As such, the budget is a management tool intended to aid in the planning efforts of the District to serve as a control in expenditures and ensure the fiscal health and financial future of the District.

The budget also provides an important tool for the control and evaluation of the sources and the uses of resources. Using the accounting system to track funds of the will of the board, administrators can execute and control activities that have been authorized by the budget and to evaluate financial performance based on comparisons between budgeted and actual operations. Financial statements are issued to report the results of operations, which include the budget amounts to measure the performance, efficiency, and planning. This report is provided to the Budget and Finance Committee and Board of Directors monthly and provides a check and balance of the expenditure of public funds. Thus, the budget is implicitly linked to financial accountability and relates directly to the financial reporting objectives established by the Governmental Accounting Standards Board (GASB). The budget is prepared using a budgetary basis of accounting in accordance with GAAP. Specifically, the budget is accounted for on a full accrual basis for Operating Revenues and Expenses and Modified Accrual for CIP expenditures and debt-service. The financial statements are presented in full accrual for all activity.

The planning and control functions inherent to any organization, underscore the importance of sound budgeting practices for the following reasons:

- The services provided by the District are not always subject to competitive market forces. Thus, enacting and adhering to the budget establishes restrictions in the absence of a competitive market.
- These services provided by District are considered critical to public health and welfare.
- The scope and diversity of operations for water and wastewater make comprehensive financial planning essential for good decision making.

The financial planning process is critical to the expression of resident preferences and is the avenue for reaching consensus among stakeholders, directors of the board, and staff on the future direction of the District's operations.

The link between financial planning and budget preparation makes the budget a unique and definitive policy document for the District. The adopted budget serves as the financial blueprint to achieve organizational goals and objectives, it reflects:

- The prioritization of activities in which the District will be involved,
- The relative influence of various participants and advisory committees in the budget development process, and
- The District's plan for acquiring and using its resources.

Budgeting is an invaluable tool for both planning and evaluation. Budgeting provides a vehicle for translating goals and projects into financial resource plans-that is, developing a plan to meet performance goals should be directly linked to determining budgetary allocations. The link between goals and financial planning is critical to effective budgeting and enhances the evaluation of budgetary and accountability.

Performance evaluation allows stakeholders to hold directors and administrators in the District's organization accountable for their actions. Because accountability to residents often is stated explicitly in state laws and state constitutions, it is a cornerstone of budgeting and financial reporting.

- Financial reporting should provide information to determine whether current-year revenues were sufficient to pay for current-year services.
- Financial reporting should demonstrate whether resources were obtained and used in accordance with the District's legally adopted budget. It should also demonstrate compliance with other finance-related legal or contractual requirements.

Accounting Policies

The District accounts for its financial transaction in accordance with the policies and procedures of the Irrigation District Law, now Division 11 of the California State Water Code. The accounting policies of the District conform to accounting principles generally accepted in the United State of America (GAAP) as prescribed by the GASB and the American Institute of Certified Public Accountants (AICPA).

The District reports its activities as an enterprise fund, which is used to account for operations that financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water and wastewater to its customers on a continuing basis be financed or recovered primarily through user charges (water and wastewater sales and services) or similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when the related cash flow took place.

Operating revenues and expenses are generated and incurred through the water and wastewater sales activities to the District's customers. Administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

Deposits and Investments

For purposes of the statement of cash flows, cash and cash equivalents consist of short-term highly liquid investments with maturities of ninety days or less from the date of purchase. These include cash on hand, cash held in the restricted assets accounts, Local Government Investment Pools, and the Local Agency Investment Fund.

The District's investment policy and state statutes authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit with national and state-licensed or chartered banks or federal or state savings and loan associations, money market and mutual funds whose portfolios consist of one or more of the foregoing investments, Local Government Investment Pools, and the Local Agency Investment Fund.

State statutes require all deposits to be insured or collateralized. Depositories holding public funds on deposit are required to maintain appropriate collateral with the agent of depository, as defined by State statutes.

Inventory And Capital Assets

Inventories are recorded using the purchase method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expense for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of $10,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives as shown in the chart at right.

CAPITAL ASSETS DEPRECIATION	
Asset Class	**Estimated Useful Lives**
Buildings	10-50
Water Systems	10-50
Improvement of Sites	7-25
Equipment	5-10

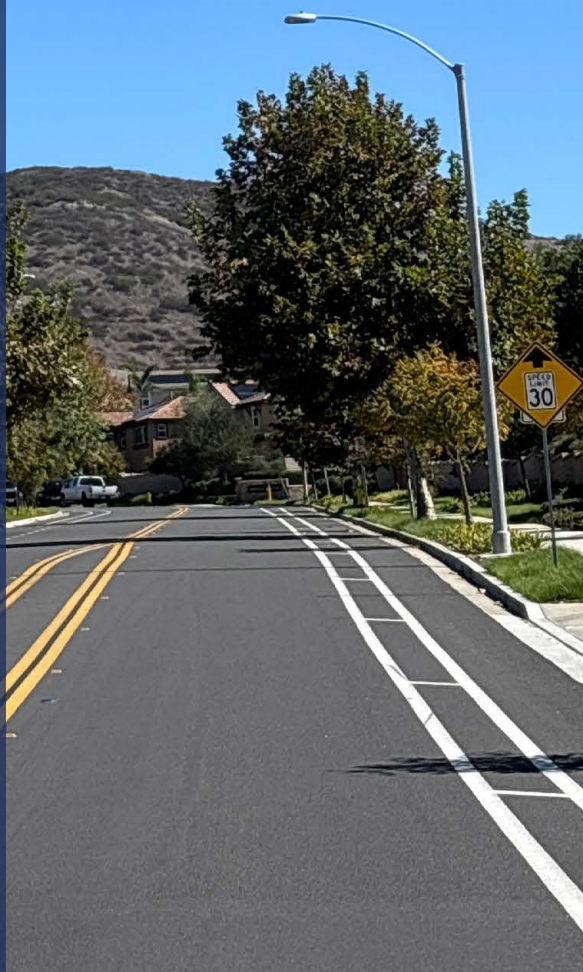
Budget Calendar

FY 2026-2027 and 2027-2028

DATE	TASK
March 24, 2026	Board review and approval of projected water sales (10,750 AF).
March 30, 2026	Budget Input worksheets sent out to all Departments to input materials, supplies, and services anticipated needs for FY 27 and FY 28.
April 7, 2026	Engineering and Operations Committee presentation of 5-year CIP and proposed FY 27 and FY 28 proposed CIP budget.
April 14, 2026	Budget & Finance Committee meeting to review 5-year financial projections, proposed rates, debt plan, reserve policy proposal, and overview financial condition.
May 12, 2026	Special Meeting/Budget Workshop to review staffing analysis and labor budgets; financial plan overview; water sales and purchases, materials and service by department; and utilities cost.
May 26, 2026	Regular Board Meeting: Review and Adopt final FY 27 and FY 28 Operating and Non-Operating Budget including CIP, Water and Wastewater Rates, Capacity Fees, and Cash Reserves Policy.

Description of Major Funds

For financial presentation purposes, the District is only one major enterprise fund consisting of water and wastewater activities. However, for practical internal tracking purposes, the District utilizes sub-fund tracking for major activities as described on the next page.



Fund Name and Description

Water Operating Fund - 01

The purpose of this fund is to track receipt of water revenues and expenditures for day-to-day water-related operations, including customer billing, water purchases and to provide funding in case of water-related operating emergencies and unforeseen circumstances. The fund includes cost centers: Pumping, Water Operations, Valve Maintenance, Water Distribution, and Meters.

Sewer Operating Fund - 02

The purpose of this fund is to track receipt of wastewater revenues and expenditures for day-to-day wastewater related operations, including customer billing, contractual payments to the City of Oceanside for treatment of sewage and to provide funding in case of wastewater related operating emergencies and unforeseen circumstances. This fund only includes the Wastewater cost center.

General Operating Fund - 03

The purpose of this fund is to account for general operations and activities not requiring the use of other funds. This includes the cost centers that provide day to day administrative duties for the District which are: Executive Administration, Human Resources, Safety, Finance, Customer Service, and Engineering.

Rate Stabilization Fund - 05

The purpose of this fund is to mitigate rate impacts from changes in water demand. The reserve should equal to 10% of annual water revenues. The fund was established on January 1, 2016. Funds for this reserve will come from water rates and charges.

Wastewater Replacement Capital Fund - 52

The purpose of this fund is to provide funding for the District's long-term wastewater related capital replacement projects. It is funded by the cash collected for sewer capacity charges and surpluses generated by sewer operations (excess of revenue over expense before depreciation). The Sewer Allocation Plan determines the portion of the capacity fee that will be used for infrastructure repair, rehabilitations, and replacement projects.

Wastewater Expansion Capital Fund - 53

The purpose of this fund is to provide funding for the District's long-term wastewater related capital expansion projects. It is funded by the cash collected for sewer capacity charges and surpluses generated by sewer operations (excess of revenue over expense before depreciation). The Sewer Allocation Plan determines the portion of the capacity fee that will be used for infrastructure repair, rehabilitations, and replacement projects.

Water Capital Fund - 60

The purpose of this fund is to provide funding for the District's long-term water related capital improvement projects. It is funded by the cash collected for water capacity charges and by surpluses generated by water operations (excess of revenue over expenses before depreciation). Reserves will be used to fund infrastructure expansion, repairs, rehabilitations, and replacement projects.

Debt Fund - 61

The purpose of this fund is to record the debt, repayment, proceeds, and uses of the District's FY24 $10 million loan with US Bank to fund a variety of capital projects in the CIP Budget for years FY 24, 25, and 26.

Department and Fund Relationships

The District uses operating funds to account for direct departmental expenses and shared administrative costs. Capitalized project costs are tracked separately under the applicable capital fund and project. Direct identifies the fund responsible for the department's operating expenses before shared overhead allocations and capitalized project costs.

STAFFING TOTALS			
Department/Division	**Water Operating Fund 01**	**Sewer Operating Fund 02**	**General Operating Fund 03**
Administration Department			
Administration/General Manager			Direct
Human Resources			Direct
Public Information			Direct
Risk Management/Safety			Direct
Information Technology Department			
Information Technology			Direct
Operations Department			
Construction: Maintenance & CIP	Direct		
Fleet/Garage			Direct
Pumps & Motors	Direct		
Valve Maintenance	Direct		
Wastewater		Direct	
Water Quality/System Operations	Direct		
Engineering/CIP Department			
Engineering			Direct
Finance Department			
Accounting/Finance			Direct
Customer Service			Direct
Meters	Direct		
Purchasing/Warehouse			Direct



General Fund Overhead Allocation

General Operating Fund 03 accounts for shared administrative and support services benefiting both water and wastewater operations. Allocable General Fund costs are distributed based on the proportion of direct full-time equivalent (FTE) positions assigned to Water Operating Fund 01 and Sewer Operating Fund 02. General Fund positions are excluded from this allocation base.

Receiving Operating Fund	Direct FTEs	Allocation Calculation	Share of General Fund Overhead
Water Operating Fund 01	27	27/31	87.1%
Sewer Operating Fund 02	4	4/31	12.9%
TOTAL	**31**		**100%**

The Water and Sewer Operating Funds provide funding to General Operating Fund 03 through corresponding overhead transfers. These transfers distribute shared costs among the operating funds without increasing total district-wide expenditures.

Capitalized Project Costs

Eligible costs directly attributable to capital improvement projects, including applicable labor and related costs, are charged to the appropriate capital fund and project in accordance with the District's capitalization policy. Costs capitalized to a project are presented separately from routine operating expenses and excluded from the operating or General Fund overhead amounts allocated again, preventing double counting.

Revenue and Expense Assumptions

The District's Water Operating Fund sales are the largest source of District revenues, with most sales, approximately 56%, for agricultural use, 39% for residential customers, and 5% for commercial and construction customer classes.

The water rate structure has two primary components: fixed monthly meter charges and variable water charges. Fixed charges vary by meter size, while variable charges vary by customer class and water usage. Pumping charges also apply to customers in designated pumping zones. The tables on the following pages summarize the adopted rate structure, including fixed monthly charges by meter size and variable charges by customer class and usage.

Water Revenue Assumptions

The Board of Directors approved the biennial budget as the District's foundational financial plan for FY 2027 and FY 2028. The budget is a cash-based projection of the revenues and expenditures needed to support operations, maintenance, administration, debt service, and capital improvements required to deliver high-quality service throughout the two-year period. It incorporates conservative revenue estimates, prudent expenditure plans, and a review of necessary capital improvements to support the District's long-term financial sustainability. In developing the budget, staff considered internal and external factors, including economic conditions, weather, regulatory requirements, and the condition and age of District infrastructure.

Actual water sales in FY 2026 totaled 11,777 acre-feet (AF), which was 777 AF, or 7%, above the budgeted 11,000 AF. Higher sales resulted from a drier winter, conservative budget assumptions, and greater-than-projected consumption by agricultural customers. For the District's first biennial budget, the Board approved water rates for FY 2027 and FY 2028 based on projected sales of 10,750 AF and 10,500 AF, respectively. These projections are 8.7% and 10.8% below FY 2026 actual sales. Agricultural production remains under pressure, particularly from international competition and past drought-related cutbacks; accordingly, the budget reflects a conservative outlook for water sales. At the same time, residential development, primarily single-family projects along major transportation corridors, is generating new service connections and is expected to support modest growth in residential water use and related revenues, partially offsetting pressure from lower agricultural demands.

During the FY 2027 and FY 2028 biennium, the District plans to initiate a comprehensive cost-of-service study to update the financial and cost-allocation assumptions supporting its water and wastewater rates. The current cost study, completed in 2023, established a rate schedule through FY 2028. Since then, the District's water supplier, operating costs, water sales, debt obligations, capital needs, and reserve requirements have changed. The new study will evaluate projected revenue requirements and the allocation of costs among customer classes to support fair, cost-based rates and inform the rate schedule beyond FY 2028.

For the FY 2027 and FY 2028 biennial budget, the Board approved delaying annual water rate adjustments until January 1 of each fiscal year, six months after the July 1 fiscal-year start. Effective January 1, 2027, variable rates will increase by 5.0% and fixed charges by 2.9%; effective January 1, 2028, variable rates will increase by 5.0% and fixed charges by 3.8%. The fixed-charge adjustments reflect only pass-through increases in Metropolitan Water District wholesale costs and include no additional increase for Rainbow's operating and maintenance costs, as these costs continue ti be funded through savings from the District's switch in wholesale providers in November 2024. This approach is expected to limit the overall customer bill impact to approximately 4% while supporting reserve recovery and protect from weather driven volatility in water sales.

Other water service revenues, including backflow, turn-on and reconnection, hydrant, and plan-check fees, as well as NSF charges and penalties, are projected based on historical results and projected current fiscal-year activity.

Rental and lease revenues are projected based on agreements with entities using District-owned vacant land and facility grounds. Projections have been reduced by approximately $65k annually due ppl to Dish Communication's bankruptcy filing, and their intent to not honor their current contractual obligations across the country, including two locations under current lease from Rainbow Water.

Interest income for the Water and Wastewater operating funds is projected using an average yield of approximately 4% on monthly cash balances, consistent with the District's investment policy and projected market rates. Continued reserve rebuilding is expected to increase interest income over time by increasing the cash balances available for investment.

Monthly Water and Wastewater Service Rates

Rates effective July 1, 2026

Monthly Fixed Charges

SINGLE FAMILY, MULTI-FAMILY, COMMERCIAL, & INSTITUTIONAL		
Capacity Class	**Meter Size**	**Monthly Fixed Charges**
B	3/4”	$96.76
C	1”	$157.20
D	1.5”	$308.26
E	2”	$489.56
F	3”	$1,063.64
G	4”	$1,909.66
H	6”	$3,934.07

AGRICULTURAL AGRICULTURAL WITH RESIDENCE		
Capacity Class	**Meter Size**	**Monthly Fixed Charges**
B	3/4”	$143.81
C	1”	$239.68
D	1.5”	$479.36
E	2”	$766.97
F	3”	$1,677.75
G	4”	$3,019.94
H	6”	$6,231.63

Monthly Variable Charges

VARIABLE PUMPING CHARGES +		
Zone	**Pumping Zone**	**Rate Per Unit ***
1	Rainbow Heights	$3.17
2	ID U-1	$1.69
3	Vallecitos	$0.31
4	Northside	$0.16
5	Morro Tank	$0.43
6	Huntley	$1.70
7	Magee Tank	$0.86

WATER VARIABLE CHARGES	
Customer Class	**Total Rate Per Unit ***
Single Family Residence	$6.42
Multi-Family	$6.42
Commercial	$6.42
Institutional	$6.42
Construction	$6.42
Agriculture w/ Residence	$5.10
Agriculture	$5.10

FIXED PUMPING CHARGES	
Zone Total	**Total Rate Per Month +**
All Pumping Zones	$8.77

WASTEWATER FIXED CHARGES	
Monthly Sewer Charges Per EDU ⅄	
All Customer Classes	$100.49

BACKFLOW TESTING	
Meter Size	**Monthly Charge ×**
5/8" - 2"	$5.83
3" - 6"	$9.58

⅄ Charge per Equivalent Dwelling Unit (EDU) for customers connected to the District’s sewer system.
\+ Pumping charges apply to customers who reside at higher elevations that require water to be pumped in order to provide service.
* 1 unit of water = 748 gallons
× Charges apply to customers with a backflow device(s).

Water Expense Assumptions

The largest expense of the District is purchased water from the Metropolitan Water District (MWD), representing approximately half of the Water Operating budget. Following detachment from the San Diego County Water Authority (SDCWA) in November 2024, the District now purchases water through Eastern Municipal Water District (EMWD) at MWD rates, with a $12 per acre-foot administrative fee. Wholesale savings achieved through detachment are partially offset by ongoing exit fee obligations and new pump station debt service. For FY 2027 and FY 2028, the cost of water is based on 10,750 AF and 10,500 AF respectively of projected sales plus an estimated 8% water loss, adjusted for Metropolitan's 6.2% wholesale rate increase effective January 1, 2027 and 6.2% on January 1, 2028.

Operating expenses have remained consistent as a percentage of total costs compared to previous years, with the cost of water being by far the largest component, followed by the cost of our dedicated team members who deliver services to our community 24/7/365. Total labor allocated to the Water Fund is budgeted at approximately $9.5 million for FY 2027 and $10 million for FY 2028. The increase reflects a 10% rise in health insurance premiums, an average 2.6% cost-of-living adjustment compared with 3.8% CPI, and average merit increases of 4%. The budget also includes labor for the in-house construction crew. While this increases direct labor costs, the crew is expected to reduce payments to third-party contractors and produce net savings for the District. CalPERS unfunded accrued liability (UAL) payments will also increase by 12% in FY 2027 and by 4% in FY 2028 due to market performance and actuarial analysis.

Other significant cost pressures include a 16% increase in electricity costs from SDG&E and compliance costs related to new state environmental and regulatory requirements. These include investments in EV infrastructure to meet state mandates, new backflow prevention requirements, and expanded regulatory permits across water and wastewater operations.



Capital equipment expenditures of $500,000 are budgeted in each of FY 2027 and FY 2028, primarily to replace aging vehicles. The District has also budgeted $530,000 for financial ERP system modernization during the biennium. The modernization is expected to generate net savings compared with the current system, whose costs have increased over time.

The Water Capital Budget includes approximately $8.0 million in planned capital improvement projects (CIP) in each fiscal year. These amounts represent projects scheduled during the biennium in the District's five-year CIP. A detailed list of planned projects is provided in the Capital section of this report. Planned capital projects are funded through capacity fees collected from developers within the District's service area and therefore do not affect water or wastewater rates paid by existing customers.

Board members are eligible for compensation of $150 per day for attendance at compensable Board meetings, subject to District policy and actual attendance. The budget includes an estimate for compensation associated with 12 regularly scheduled Board meetings each year, as well as an allowance for special meetings based on anticipated Board activity. It also includes funding for Board-approved training, conferences, and related travel expenses, consistent with District policy.

The Pumping costs are maintained in a separate cost center to identify the specific costs of operating and maintaining the pumping equipment that pushes water to higher elevations within the district. For budget purposes, one full-time employee is assigned to the pumping function. The single largest expense item is the cost of the electricity and gas used by the pumps.

Water Operations is responsible for maintaining the District's six reservoirs and twelve water tanks and for testing water quality. The District has discontinued its long-term tank maintenance contract with Utility Service Group Water Solutions (USG) and will perform this work in-house. Bringing tank maintenance in-house is expected to reduce reliance on third-party vendors and generate savings for the District and its ratepayers, while supporting the continued safe and reliable operation of these facilities.

Wastewater and Expense Assumptions

Wastewater service revenues are generated from the collection and treatment services provided to District customers. Revenue projections are based on 6,100 equivalent dwelling units (EDUs) in FY 2027 and 6,300 EDUs in FY 2028. The District serves approximately 3,572 wastewater accounts, compared with approximately 9,170 water accounts. The number of billable EDUs exceeds the number of wastewater accounts because some multifamily and commercial accounts represent multiple dwelling units.

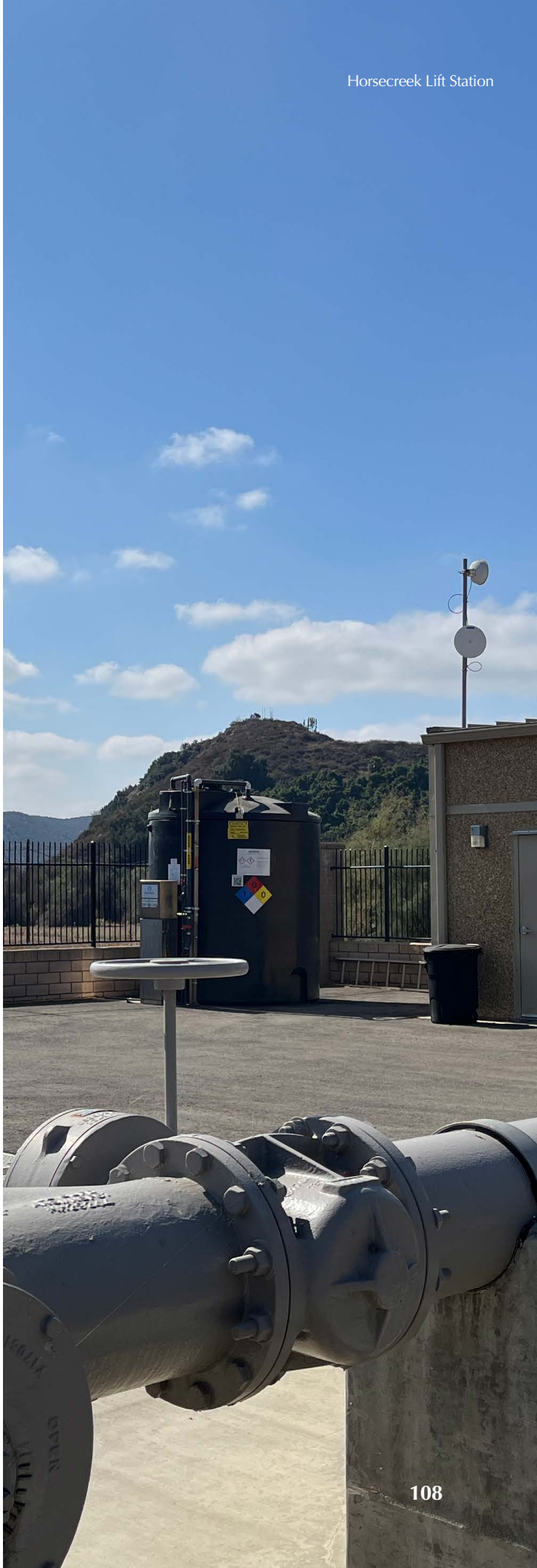
In FY 2023, the District revised its wastewater rate structure following a cost-of-service analysis. The former method based charges on each customer's lowest winter water use, which did not closely reflect the cost of providing wastewater service. The analysis found that winter water consumption varied more with weather than with wastewater generation. Under the current structure, charges are based on a monthly rate per EDU, providing a more stable and equitable revenue base.

The District maintains and operates approximately 60 miles of wastewater collection pipelines and eight lift stations. The City of Oceanside provides wastewater treatment and disposal services under contract. Treatment charges at the City's San Luis Rey Water Reclamation Facility are the largest wastewater fund expense, representing approximately 42% of budgeted expenses in both FY 2027 and FY 2028.

The biennial budget reflects the 13% annual wastewater rate increases in the June 2023 rate study, including an increase effective July 2026 and a further increase scheduled for July 2027. These increases help offset contractual treatment costs, which the budget projects will rise by 16% in each fiscal year. The $4 million in catch-up charges for unbilled FY 2022, FY 2023, and FY 2024 costs was fully paid by June 30, 2025. District staff also meet quarterly with the City of Oceanside to review upcoming billings and identify opportunities to manage costs for wastewater customers.

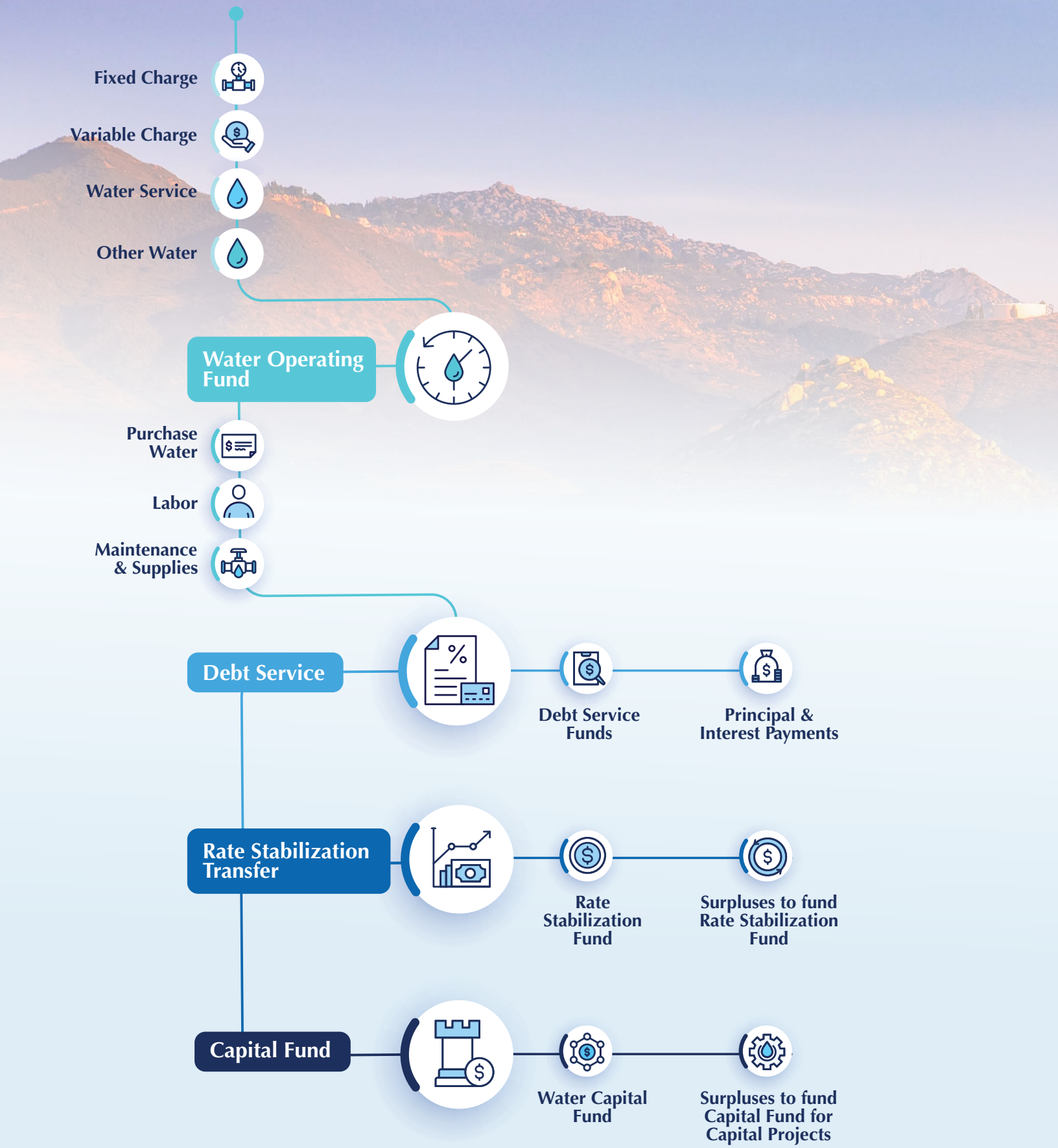
To manage District operating costs amid continued increases in treatment charges, Rainbow is bringing more work in-house. The budget includes $50,000 for a District-owned CCTV camera to inspect sewer lines, allowing the District to discontinue using a third-party vendor for this work. This change is expected to contribute to a 4% year-over-year decrease in wastewater operations and maintenance expenditures in FY 2027.

The wastewater capital budget includes $2.0 million in FY 2027 and $1.6 million in FY 2028. Major projects include CIPP lining and manhole rehabilitation in Valley Oaks and Pala Mesa, as well as CIPP lining at the I-15 crossings. The District is also evaluating the North River Road Sewer Replacement project, which would rehabilitate and expand aging infrastructure at the District's connection to the City of Oceanside's wastewater system. Wastewater capital projects are funded through developer capacity fees collected for system rehabilitation and expansion. New development is expected to contribute capacity-fee revenue in FY 2027 and FY 2028; these projects are not funded through wastewater rates paid by existing customers.

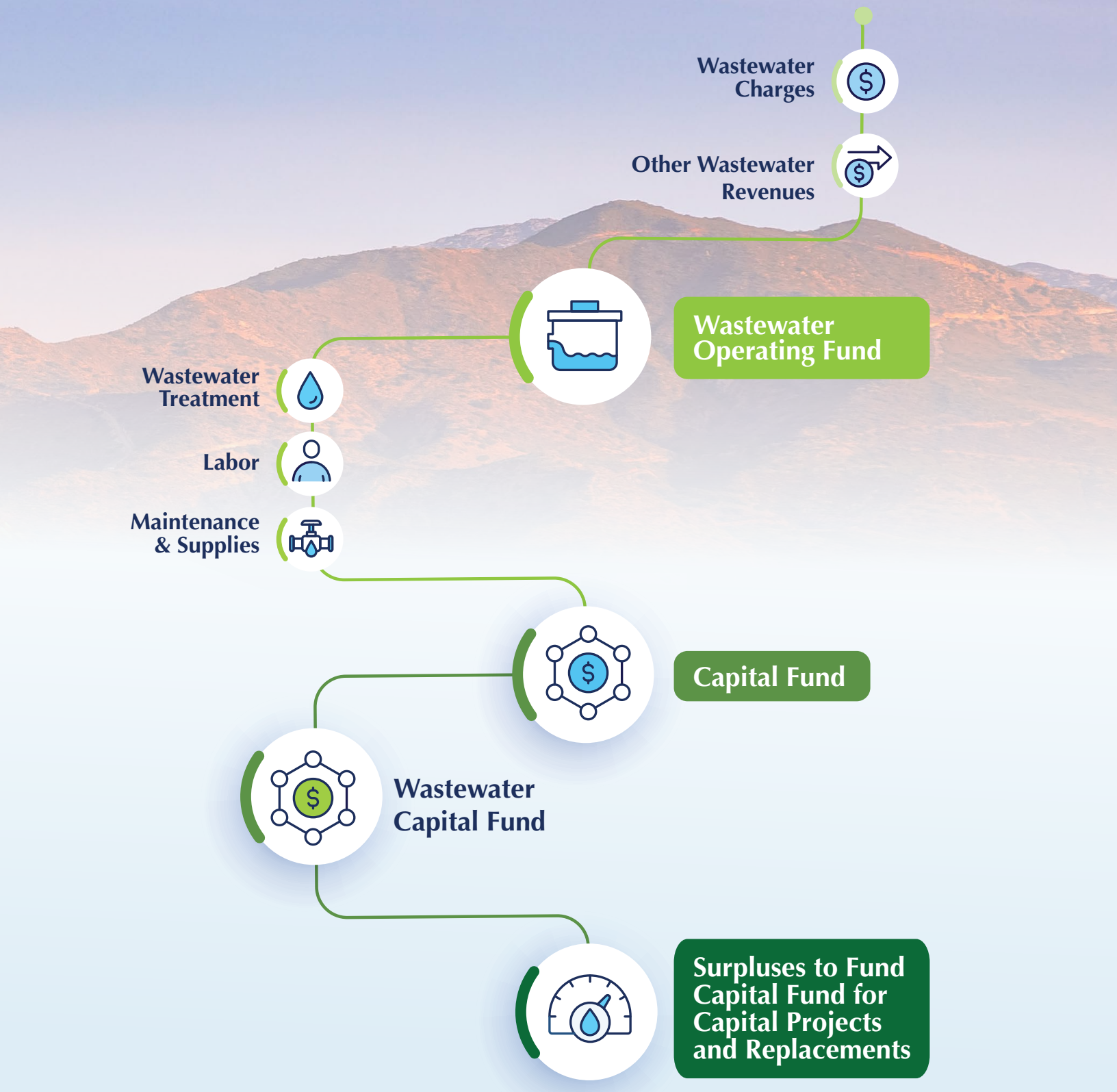


Horsecreek Lift Station

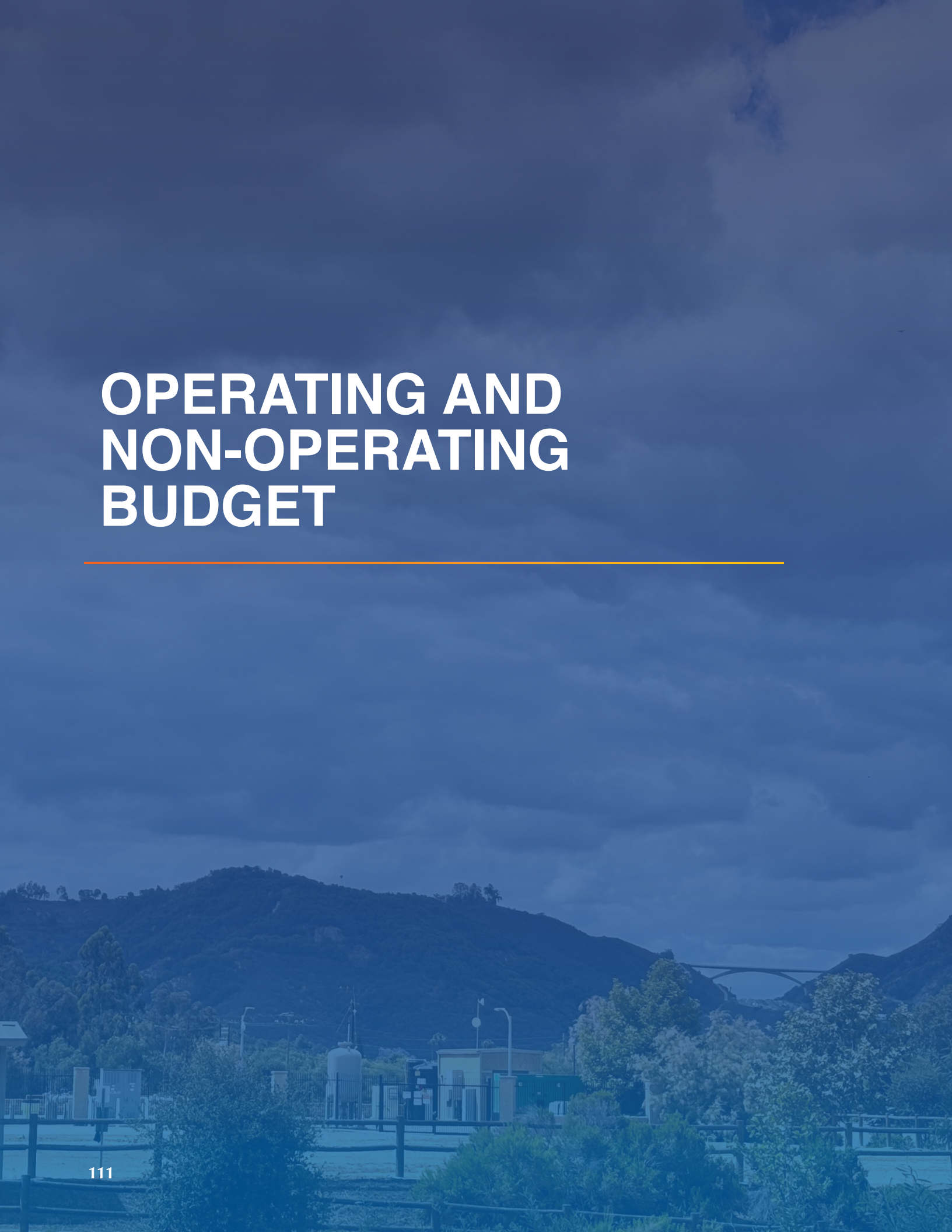
Water Operating Fund



Wastewater Operating Fund



OPERATING AND NON-OPERATING BUDGET



Water Fund Budget Summary

WATER NET							
Description	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
OPERATING REVENUES							
Water Sales	$42,747,190	$52,863,637	$49,111,478	$49,009,893	-0.2%	$50,552,505	3.1%
Other Water Services	$369,950	$287,976	$328,739	$263,460	-19.9%	$273,998	4.0%
TOTAL OPERATING REVENUES	**$43,117,140**	**$53,151,613**	**$49,440,217**	**$49,273,353**	**-0.3%**	**$50,826,503**	**3.2%**
OPERATING EXPENSES							
Purchased Water	$22,088,500	$22,397,190	$18,273,278	$18,381,090	0.6%	$18,546,964	0.9%
Pumping	$1,012,459	$1,479,846	$1,787,675	$2,084,858	16.6%	$2,172,021	4.2%
Operations	$2,995,406	$3,054,995	$2,765,776	$2,636,916	-4.7%	$2,759,552	4.7%
Valve Maintenance	$462,317	$449,973	$437,322	$422,640	-3.4%	$445,274	5.4%
Construction	$3,255,382	$3,278,478	$3,449,139	$3,530,156	2.3%	$3,905,936	10.6%
Meters	$1,029,274	$951,705	$1,019,099	$1,060,943	4.1%	$1,080,021	1.8%
General Fund Transfer	$8,080,210	$6,219,496	$8,064,757	$8,358,008	3.6%	$8,812,028	5.4%
TOTAL OPERATING EXPENSES	**$38,923,549**	**$37,831,683**	**$35,797,046**	**$36,474,611**	**1.9%**	**$37,722,195**	**3.4%**
NET OPERATING REVENUE	**$4,193,591**	**$15,319,930**	**$13,643,171**	**$12,798,742**	**-6.2%**	**$13,104,309**	**3.4%**
NON-OPERATING REVENUES							
Investment Income	$728,749	$596,913	$466,106	$557,419	19.6%	$634,065	13.8%
Property Tax Revenue	$591,418	$578,333	$612,481	$579,194	-5.4%	$596,569	3.0%
Other Non-Operating Revenues	$58,999	$55,480	$17,699		-100%		0%
TOTAL NON-OPERATING REVENUES	**$1,379,166**	**$1,230,726**	**$1,096,286**	**$1,136,613**	**3.7%**	**$1,230,634**	**8.3%**
NON-OPERATING EXPENSES							
Debt Service	$3,076,907	$2,884,496	$6,340,630	$6,340,630	0.0%	$6340,630	0.0%
TOTAL NON-OPERATING EXPENSES	**$3,076,907**	**2,884,496**	**$6,340,630**	**$6,340,630**	**0.0%**	**$6,340,630**	**0.0%**
NET NON-OPERATING REVENUE	**($1,697,742)**	**($1,653,770)**	**($5,244,344)**	**($5,204,017)**	**-0.8%**	**($5,109,996)**	**-1.8%**
NET REVENUE	**$2,495,849**	**13,666,159**	**$8,398,827**	**$7,594,725**	**-9.6%**	**$7,994,313**	**5.3%**

WATER TOTAL DEBT SERVICE							
Fiscal Year	Interest Due	Principal Due	Total Annual Debt Service	Fiscal Year	Interest Due	Principal Due	Total Annual Debt Service
2026-27	$1,646,122	$4,694,225	$6,340,346	2034-35	$304,200	$3,945,669	$4,249,869
2027-28	$1,470,332	$4,869,723	$6,340,055	2035-36	$173,187	$545,120	$718,307
2028-29	$1,297,253	$3,790,215	$5,087,468	2036-37	$151,273	$567,034	$718,307
2029-30	$1,146,891	$3,940,577	$5,087,468	2037-38	$128,487	$589,829	$718,307
2030-31	$990,100	$4,097,368	$5,087,468	2038-39	$104,767	$613,540	$718,307
2031-32	$826,593	$4,260,875	$5,087,468	2039-40	$80,103	$638,204	$718,307
2032-33	$656,071	$4,431,397	$5,087,468	2040-41	$54,447	$663,860	$718,307
2033-34	$478,220	$4,609,248	$5,087,468	2041-42	$27,760	$690,547	$718,307
				TOTAL DEBT SERVICE	**$9,535,806**	**$42,947,431**	**$52,483,237**

Net revenue from the Water Fund is allocated to the Capital Improvement Program (CIP) to support the funding of capital assets.

Water Fund Budgeted Revenues

WATER REVENUE								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
01-99-41110	Water Sales: SF, MF, CM, IS	$10,003,276	$13,308,403	$11,159,393	$11,411,252	2.3%	$11,703,168	2.6%
01-99-41120	Water Sales: Agriculture Dom	$3,379,965	$6,200,042	$7,068,705	$7,100,776	0.5%	$7,282,423	2.6 % ◂
01-99-41160	Water Sales: Agriculture	$4,289,407	$7,258,841	$7,965,293	$7,905,005	-0.8%	$8,107,226	2.6 % ◂
01-99-41170	Water Sales: Construction	$122,130	$199,055	$127,055	$289,012	127.5%	$296,406	2.6%
01-99-41180	Water Sales: TSAWR Comm	$1,806,064	$1,651,003			0.0%		0.0% ◂
01-99-41190	Water Sales: TSAWR Dom	$2,390,533	$1,853,468			0.0%		0.0% ◂
01-99-42120	O&M Charges: RMWD	$14,390,108	$21,074,073	$21,380,274	$20,873,844	-2.4%	$21,574,460	3.4%
01-99-42121	O&M Charges: CWA	$5,315,092	$776			0.0%		0.0% ◂
01-99-42130	Readiness-to-Serve Revenue	$445,868	$482,486	$502,061	$482,000	-4.0%	$501,280	4.0%
01-99-42140	Pumping Charges	$604,747	$835,490	$908,697	$948,004	4.3%	$1,087,542	14.7%
01-99-43101	Operating Inc: Unlock Fees	$2,850		$3,978		0.0%		0.0%
01-99-43104	Operating Inc: (Backflow) RP Charges	$277,174	$275,079	$285,706	$263,460	-7.8%	$273,998	4.0%
01-99-43110	Operating Inc: Inspections	$69,013		$20,600		-100%		0.0%
01-99-43111	Operating Inc: Install-Hyd.	$2,990	$2,875	$2,843		-100%		0.0%
01-99-43114	Operating Inc: Miscellaneous	$8,029		$8,003		-100%		0.0%
01-99-43116	New Meter/Install Parts	$9,895	$10,022	$7,609		-100%		0.0%
TOTAL OPERATING REVENUES		$43,117,141	$53,151,613	$49,440,217	$49,273,353	-0.3%	$50,826,503	3.2%
01-99-4910	Non-Operating Inc: NSF	$60	$90	$3,090		-100%		0.0%
01-99-49107	Recycling Revenue	$2,450		$3,785		-100%		0.0%
01-99-49109	Miscellaneous Revenue	$51,489	$603	$10,824		-100%		0.0%
01-99-49200	Interest Revenues	$728,749	$463,319	$466,106	$557,419	19.6%	$634,065	13.8%
01-99-49201	Grant Revenue	$5,000	$54,787			0.0%		0.0%
01-99-49301	Property Tax Revenue	$591,418	$578,333	$612,481	$579,194	-5.4%	$596,569	3.0%
TOTAL NON-OPERATING REVENUES		$1,379,166	$1,230,726	$1,096,286	$1,136,613	3.7%	$1,230,634	8.3%
TOTAL WATER REVENUES		$44,496,306	$54,382,339	$50,536,503	$50,409,966	-0.3%	$52,057,137	3.3%

◂ The TSAWR program is eliminated in FY 26 due to the detachment, water sales revenues from TSAWR are combined with Agricultural Sales.
◂ The CWA is no longer applicable in FY 26 due to the detachment, combined with O&M Charges-RMWD.

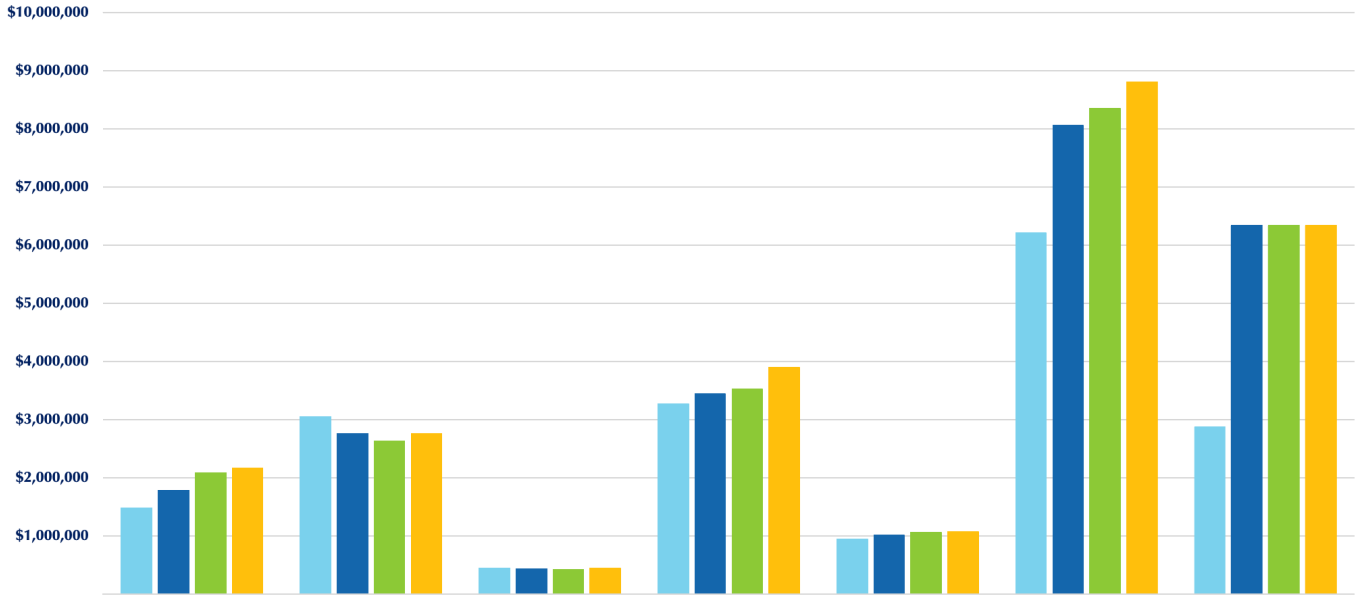


Water Fund Budgeted Expenses

PURCHASED WATER								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
01-99-50001	Water Purchases	$17,341,063	$21,166,338	$18,123,024	$18,211,031	0.5%	$18,358,180	0.8%
01-99-50003	Water in Storage	($21,879)	($108,906)			0.0%		0.0% ◄
01-99-50005	Ready to Serve	$447,672	$127,704			0.0%		0.0% ◄
01-99-50006	Infrastructure Access	$776,760	$264,320			0.0%		0.0% ◄
01-99-50008	Agriculture Credit-TSAWR	($638,142)	($623,047)			0.0%		0.0% ◄
01-99-50010	Customer Service-EMWD	$1,092,276	$472,137	$150,254	$170,059	13.2%	$188,784	11% ◄
01-99-50011	Capacity Reservation	$369,390	$137,132			0.0%		0.0% ◄
01-99-50013	Emergency Storage	$1,622,256	$575,736			0.0%		0.0% ◄
01-99-50013	Supply Reliability	$1,099,104	$385,776			0.0%		0.0%
TOTAL PURCHASED WATER		$22,088,500	$22,397,190	$18,273,278	$18,381,090	0.6%	$18,546,964	0.9%
OVERHEAD TRANSFER TO GENERAL		$8,080,210	$6,219,496	$8,064,757	$8358,008	3.6%	$8,812,028	5.4%
TOTAL WATER EXPENSES		$30,168,710	$28,616,686	$26,338,035	$26,739,098	1.5%	$27,358,992	2.3%

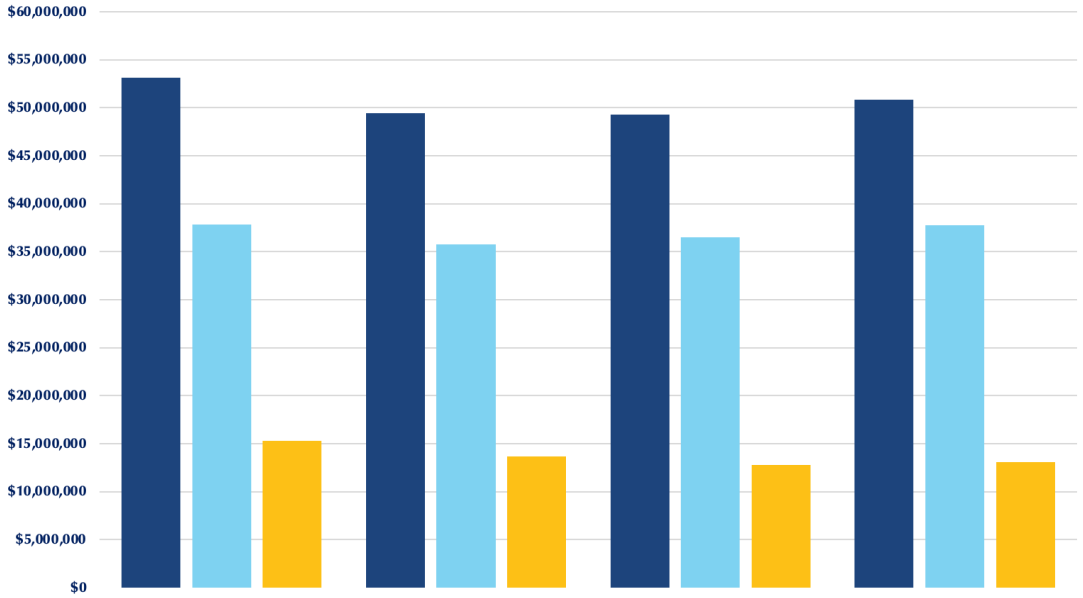
◄ Fixed costs that will no longer be applicable due to the reorganization of EMWD

Water Operating Expenses



FISCAL YEAR	PUMPING	OPERATIONS	VALVE MAINTENANCE	CONSTRUCTION	METERS	GENERAL FUND TRANSFER	DEBT SERVICE
2025	$1,479.846	$3,054,995	$499,973	$3,278,478	$951,705	$6,219,496	$2,884,496
2026	$1,787,675	$2,765,776	$437,322	$3,449,139	$1,019,099	$8,064,757	$6,340,630
2027	$2,084,858	$2,636,916	$422,640	$3,530,156	$1,060,943	$8,358,008	$6,340,630
2028	$2,759,552	$2,759,552	$445,274	$3,905.936	$1,080,421	$8,812,028	$6,340,630

Water Fund Revenues vs Expenses*



DESCRIPTION	2025 Actuals	2026 Current Budget	2027 Budget	2028 Budget
Total Operating Revenues	$53,151,613	$49,440,217	$49,273,353	$50,826,503
Total Operating Expenses	$37,831,683	$35,797,046	$36,474,611	$37,722,195
Net	$15,319,930	$13,643,171	$12,798,742	$13,104,309

* Does not include Capital Improvement Expenses

Pumping Expenses

PUMPING EXPENSES: DEPT 31								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
01-31-56101	Regular Salaries	$27,058	$39,148	$104,711	$112,702	8%	$118,933	6%
01-31-56103	Overtime & Comp Time	$263	$397	$3,375	$817	-76%	$862	6%
03-31-56501	Employer's Share SSI		$1,517	$7,347	$7,479	2%	$7,883	5%
03-31-56502	Employer's Share Medicare		$355	$1,718	$1,749	2%	$1,844	5%
03-31-56503	Medical Insurance		$4,824	$11,000	$26,825	144%	$29,507	10%
03-31-56504	Dental Insurance		$356	$2,140	2,253	5%	$2,478	10%
03-31-56505	Vision Insurance		$51	$350	$274	-22%	$302	10%
03-31-56506	Life, S/T, L/T Disability Ins.		$282	$1,379	$1,511	10%	$1,564	3%
03-31-56507	Retirement-CalPERS		$1,745	$8,665	$9,330	8%	$9,846	4.0%
03-31-56515	Worker's Comp. Insurance		$847	$543	$2,304	324%	$2,431	6%
03-31-56516	State Unemployment Insurance		$161	$184	$147	-20%	$161	10%
03-31-56519	Paid Time Off Accrual		$2,307	$10,463	$11,267	8%	$11,890	6%
03-31-56520	Deferred Compensation			$1,300	$5,200	300%	$5,200	0%
	TOTAL PAYROLL EXPENSES	**$27,321**	**$52,000**	**$153,175**	**$181,858**	**19%**	**$192,901**	**6%**
01-31-63100	Equipment Maintenance/Repair	$25,663	$31,969	$11,067	$150,000	1,255%	156,000	4%
01-31-63401	Building Maintenance	$9,400	$10,960	$12,000	$12,000	0%	$12,480	4%
01-31-72000	Supplies & Services	$58,962	$21,829	$33,000	$35,000	6%	$36,400	4%
01-31-73000	Small Tools & Equipment	$55		$500	$5,000	900%	$5,200	4%
01-31-75300	Travel, Conferences & Training				$1,000	100%	$1,040	4%
01-31-78000	Utilities - Electricity	$891,058	$1,363,088	$1,460,000	$1,700,000	$16%	$1,768,000	4%
TOTAL OPERATING EXPENSES		**$985,138**	**$1,427,847**	**$1,516,567**	**$1,903,000**	**25%**	**$1,979,120**	**4%**
TOTAL PUMPING EXPENSES		**$1,012,459**	**$1,479,846**	**$1,669,742**	**$2,084,858**	**25%**	**$2,172,021**	**4%**

Operations Expenses

OPERATING EXPENSES: DEPT 32								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
01-32-56101	Regular Salaries	$815,310	$809,241	$661,932	$691,762	5%	$727,312	5%
01-32-56103	Overtime & Comp Time	$125,227	$175,390	$157,624	$214,995	36%	$226,095	5%
01-32-56501	Employer's Share SSI	$46,713	$52,039	$53,701	$56,580	5%	56,916	1%
01-32-56502	Employer's Share Medicare	$11,277	$12,734	$13,116	$14,111	8%	$14,926	6%
01-32-56503	Medical Insurance	$95,559	$104,532	$113,086	$111,697	-1%	$122,867	10%
01-32-56504	Dental Insurance	$10,020	$10,244	$10,700	$9,756	-9%	$10,732	10%
01-32-56505	Vision Insurance	$1,328	$1,526	$1,750	$1,097	-37%	$1,508	37%
01-32-56506	Life, S/T, L/T Disability Insurance	$6,576	$7,184	$8,564	$8,961	5%	$9,183	2%
01-32-56507	Retirement-CalPERS	$78,788	$83,249	$90,295	$95,713	5%	$100,079	2%
01-32-56512	Tuition Reimbursement	$2,025	$105	$1,000	0	-100%		0%
01-32-56515	Worker's Compensation Ins.	$19,578	$19,740	$20,410	$16,895	-17%	$17,884	6%
01-32-56516	State Unemployment Insurance	$941	$771	$921	$735	-20%	$805	10%
01-32-56518	Standby Pay	$19,668	$19,690	$19,500	$25,740	32%	$25,740	0%
01-32-56519	Paid Time Off Accrual		$94,720	$92,507	$96,854	5%	$102,658	6%
01-32-56520	Deferred Compensation	$20,800	$21,322	$21,970	$21,320	-3%	$21,320	0%
TOTAL PAYROLL EXPENSES		**$1,254,810**	**$1,412,486**	**$1,267,076**	**$1,366,216**	**8%**	**$1,438,024**	**5%**
01-32-60000	Electronics	$441	$17,910	$13,000	$13,000	0%	13,520	4%
01-32-63100	Equipment Maintenance	$6,204	$20,573	$50,000	$30,000	-40%	$31,200	4%
01-32-63102	Equipment Contract	$21,647	$30,944	$31,000	$35,000	13%	$36,400	4%
01-32-63200	Equipment Rental	$67,138	$74,397	$42,000	$50,000	19%	$52,000	4%
01-32-63401	Building Maintenance	$16,560	$14,464	$22,000	$20,000	-9%	$20,800	4%
01-32-72000	Supplies & Services	$508,664	$569,049	$890,000	$650,000	-27%	$676,000	4%
01-32-72010	Tank Maintenance	$992,457	$780,872	$293,500	$300,000	2%	$312,000	4%
01-32-72150	Regulatory Permits	$52,432	$57,813	$68,000	$72,000	6%	$74,880	4%
01-32-73000	Small Tools & Equipment	$6,117	$6,987	$7,500	$7,500	0%	$7,800	4%
01-32-75300	Travel/Conferences/Training	$3,044	$236	$2,500	$9,000	260%	$9,360	4%
01-32-78000	Utilities: Electricity	$65,892	$69,103	$79,000	$84,000	6%	$87,360	4%
01-32-78700	Utilities: Propane		$162	$200	$200	0%	$208	4%
TOTAL OPERATING EXPENSES		**$1,740,596**	**$1,642,509**	**$1,498,700**	**$1,270,700**	**-15.2%**	**$1,321,528**	**4%**
TOTAL OPERATIONS EXPENSES		**$2,995,406**	**$3,054,995**	**$2,765,776**	**$2,636,916**	**-5%**	**$2,759,552**	**5%**

Valve Maintenance Expenses

VALVE MAINTENANCE EXPENSES: DEPT 33								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
01-33-56101	Regular Salaries	$254,501	$217,864	$189,021	$203,391	8%	$213,903	5%
01-33-56103	Overtime & Comp Time	$3,823	$4,832	$25,508	$4,959	-81%	$5,241	6%
01-33-56501	Employer's Share SSI	$15,545	$16,348	$14,953	$13,902	-5%	$14,700	6%
01-33-56502	Employer's Share Medicare	$3,635	$3,840	$3,413	$3,251	-5%	$3,438	6%
01-33-56503	Medical Insurance	$35,971	$39,361	$53,043	$38,874	-27%	$42,761	10%
01-33-56504	Dental Insurance	$4,008	$4,128	$4,280	$2,998	-30%	$3,297	10%
01-33-56505	Vision Insurance	$531	$614	$700	$548	-22%	$603	10%
01-33-56506	Life, S/T, L/T Disability Insurance	$2,315	$2,526	$2,490	$2,719	9%	$2,817	4%
01-33-56507	Retirement-CalPERS	$29,052	$29,252	$21,698	$23,450	8%	$24,636	5%
01-33-56512	Tuition Reimbursement	$321	$550	$1,000	$2,500	150%	$2,500	0%
01-33-56515	Worker's Compensation Ins.	$6,339	$5,764	$5,501	$4,184	-24%	$4,453	6%
01-33-56516	State Unemployment Insurance	$404	$322	$368	$294	-20%	$322	10%
01-33-56518	Standby Pay	$1,452	$1,100	$1,950	$2,574	32%	$2,574	0%
01-33-56519	Paid Time Off Accrual		$32,224	$24,552	$26,286	7%	$27,958	6%
01-33-56520	Deferred Compensation	$7,800	$7,439	$5,200	$8,710	68%	$8,710	6%
TOTAL PAYROLL EXPENSES		**$365,697**	**$366,163**	**$353,317**	**$338,640**	**-4%**	**$357,914**	**6%**
01-33-72000	Supplies & Services	$96,361	$77,190	$80,000	$80,000	0%	$83,200	4%
01-33-73000	Small Tools & Equipment	$161	$6,6620	$3,000	$3,000	0%	$3,120	4%
01-33-75300	Travel/Conferences/Training	$98		$1,000	$1,000	0%	$1,040	4%
TOTAL OPERATING EXPENSES		**$96,620**	**$83,810**	**$84,000**	**$84,000**	**0%**	**87,360**	**4%**
TOTAL VALVE MAINT EXPENSES		**$462,317**	**$449,973**	**$437,317**	**$422,640**	**-3%**	**$445,274**	**5%**

Construction Expenses

CONSTRUCTION EXPENSES: DEPT 34								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
01-34-56101	Regular Salaries	$1,047,429	$882,408	$1,308,753	$1,462,418	12%	$1,726,100	18%
01-34-56103	Overtime & Comp Time	$129,366	$188,335	$200,559	$208,445	4%	$256,819	23%
01-34-56501	Employer's Share SSI	$84,444	$90,698	$97,520	$105,784	8%	$125,629	19%
01-34-56502	Employer's Share Medicare	$20,775	$21,597	$23,922	$25,846	8%	$30,715	19%
01-34-56503	Medical Insurance	$226,874	$227,116	$277,687	$338,324	22%	$431,171	27%
01-34-56504	Dental Insurance	$22,037	$19,625	$22,094	$29,650	34%	$37,571	27$
01-34-56505	Vision Insurance	$3,508	$3,097	$4,550	$3,976	-13%	$4,977	25%
01-34-56506	Life, S/T, L/T Disability Insurance	$12,871	$13,889	$16,399	$18,683	14%	$21,582	16%
01-34-56507	Retirement-CalPERS	$132,510	$127,812	$137,374	$152,162	11%	$175,295	15%
01-34-56512	Tuition Reimbursement	$16,443	$11,023	$6,000	$13,750	129%	$18,750	36%
01-34-56515	Worker's Compensation Ins.	$36,357	$31,821	$38,466	$31,754	-17%	$36,353	14%
01-34-56516	State Unemployment Insurance	$2,420	$2,842	$2,393	$2,132	-11%	$2,657	25%
01-34-56518	Standby Pay	$17,336	$17,468	$10,725	$15,444	44%	$18,018	17%
01-34-56519	Paid Time Off Accrual		$167,560	$160,364	$174,957	9%	$203,633	16%
01-34-56520	Deferred Compensation	$30,345	$29,947	$47,580	$74,100	56%	$84,500	19%
GROSS PAYROLL EXPENSES		$1,782,715	$1,835,241	$2,354,386	$2,657,425	13%	$3,173,770	19%
LESS: CAPITALIZED LABOR				($115,981)	($462,268)		($656,234)	
TOTAL PAYROLL EXPENSES		$1,782,715	$1,835,241	$2,238,405	$2,195,156	-2%	$2,517,536	15%
01-34-72000	Supplies & Services	$1,247,152	$1,361,926	$1,000,000	$1,000,000	0%	$1,040,000	4%
01-34-72001	Easement Maintenance	$211,646	$75,891	$297,574	$300,000	1%	$312,000	4%
01-34-49201	Grant Revenue					0%		0%
01-34-73000	Small Tools & Equipment	$10,307	$3,973	$20,000	$20,000	0%	$20,800	4%
01-34-75300	Conferences/Training	$3,562	$1,187	$5,000	$15,000	200%	$15,600	4%
01-34-78700	Utilities - Propane		$260			0%		0%
TOTAL OPERATING EXPENSES		$1,472,667	$1443,237	$1,322,574	$1,335,000	1%	$1,388,400	4%
TOTAL CONSTRUCTION EXPENSES		**$3,255,382**	**$3,278,478**	**$3,560,979**	**$3,530,156**	**-1%**	**$3,905,936**	**11%**

Meters Expenses

METERS EXPENSES: DEPT 35								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
01-35-56101	Regular Salaries	$482,449	$449,608	$488,022	$543,049	11%	$544,622	0%
01-35-56103	Overtime & Comp Time	$28,151	$27,523	$49,627	$38,949	-22%	$38,681	-1%
01-35-56501	Employer's Share SSI	$30,623	$31,103	$36,623	$38,675	6%	$38,953	1%
01-35-56502	Employer's Share Medicare	$7,161	$7,274	$8,565	$9,045	6%	$9,110	1%
01-35-56503	Medical Insurance	$107,508	$114,316	$122,837	$130,899	7%	$143,989	10%
01-35-56504	Dental Insurance	$10,020	$10,241	$10,700	$11,451	7%	$12,596	10%
01-35-56505	Vision Insurance	$1,328	$1,527	$1,750	$1,440	-18%	$1,584	10%
01-35-56506	Life, S/T, L/T Disability Insurance	$5,037	$5,534	$6,418	$7,145	11%	7,571	6%
01-35-56507	Retirement-CalPERS	$51,038	$54,611	$59,563	$65,378	10%	$63,997	-2%
01-35-56512	Tuition Reimbursement	$1,360	$1,934	$1,000		-100%		0%
01-35-56515	Worker's Compensation Ins.	$10,543	$10,111	$3,214	$2,650	-18%	$2,654	0%
01-35-56516	State Unemployment Insurance	$941	$805	$921	$772	-16%	$845	10%
01-35-56518	Standby Pay	$1,540	$1,848	$4,875	$6,435	32%	$6,435	0%
01-35-56519	Paid Time Off Accrual		$66,141	$66,234	$74,005	12%	$74,055	0%
01-35-56520	Deferred Compensation	$16,250	$16,193	$16,250	$24,050	48%	$24,050	0%
TOTAL PAYROLL EXPENSES		**$753,949**	**$798,769**	**$876,599**	**$953,943**	**9%**	**$969,141**	**2%**
01-35-63404	Backflow Expenses	$4,479	$4,628	$8,500	$6,000	-29%	$6,240	4%
01-35-72000	Supplies & Services	$268,527	$147,684	$130,000	$90,000	-31%	$93,600	4%
01-35-73000	Small Tools & Equipment	$2,319	$494	$2,500	$1,000	-60%	$1,040	4%
01-35-75300	Conferences/Travel		$130	$1,500	$10,000	567%	$10,400	4%
TOTAL OPERATING EXPENSES		**$275,325**	**$152,936**	**$142,500**	**$107,000**	**-25%**	**$111,280**	**4%**
TOTAL METERS EXPENSES		**$1,029,274**	**$951,705**	**$1,019,099**	**$1,060,943**	**4%**	**$1,080,421**	**2%**

Debt Service





Debt Overview

The District issues debt in compliance with its Debt Management Policy (Administrative Code Section 5.10) as a means to fund its capital improvement and replacement program and spread the cost associated with the service benefits of the project out over a representative period matching at a minimum the same period of benefits to equitably align who is paying for the projects and who is receiving the benefits. Generally, the District tries to avoid debt except when unusually large individual projects or capital programs would otherwise cause necessary rate increases at unacceptable levels or reduce cash reserves to unhealthy levels, especially if below minimum target levels. Although the District does not a have legal maximum amount of debt imposed on it if in the form of Revenue Bonds or Loans, as opposed to General Obligation Bonds which require a 2/3 voter approval, it has covenanted with existing lenders to not issue additional debt at the same priority of repayment (parity revenue lien) unless it can meet certain conditions and to maintain certain levels of financial performance. The following represent the most relevant of those conditions:

Minimum Rates: That the District will set rates projected to at least produce a net revenue after O&M expenses of 120% of the annual debt service for that year.

Additional Debt: Actually achieve 120% of net revenue over the maximum debt service of any existing debt in any future year in addition to the proposed debt.

The District does not currently have any bond ratings as all of its debt is either through the State Revolving Fund 9SRF) loan program with the State Water Resources Control Board of California, or through private placement agreements with individual banks.

DEBT ISSUANCES

Name	Project	Fund	Original Loan Amount	6/30/2026 Balance	Annual Payment	Loan Origination Date	Final Maturity Date	Loan Length (Years)	Interest Rate
SRF - Beck Loan	Beck Reservoir	Water	$7,731,716	$3,879,460	$475,175	10/31/2012	7/1/2035	20	2.09%
SRF - Morro Loan	Morro Reservoir	Water	$10,246,413	$5,141,232	$629,723	10/31/2012	7/1/2035	20	2.09%
Zion Lease	Meter Replacement	Water	$5,523,284	$1,236,522	$647,063	9/21/2018	9/21/2028	10	3.09%
Zion Loan	Meter Replacement	Water	$5,249,905	$1,173,723	$615,000	10/1/2018	10/1/2028	10	3.18%
Western Alliance	Water Efficiency CIP Project 600013 - Three Pump Stations	Water	$9,750,000	$8,357,595	$718,307	3/1/2022	4/1/2042	20	4.02%
US Bank CIP Loan	FY25 and FY26 CIP Project 600013	Water	$10,000,000	$8,649,246	$1,256,399	5/1/2024	9/25/2034	10	4.70%
US Bank Exit Fee Loan	SDCWA Exit Fee	Water	$15,798,250	$14,509,654	$2,007,864	10/1/2024	1/1/2035	10	4.63%
First American RBC/City National	Thoroughbred Lift Station	Sewer	$5,000,000	$4,201,629	$663,021	8/4/2023	8/4/2033	10	5.49%
TOTAL WATER			$64,299,568	$42,947,432	$6,349,531				
TOTAL WASTEWATER			$5,000,000	$4,201,629	$663,021				
TOTAL DISTRICT			$69,299,568	$47,149,061	$7,012,551	**WEIGHTED AVG INT RATE**			3.7%



Rainbow Hills Tank, Fallbrook

Debt Service

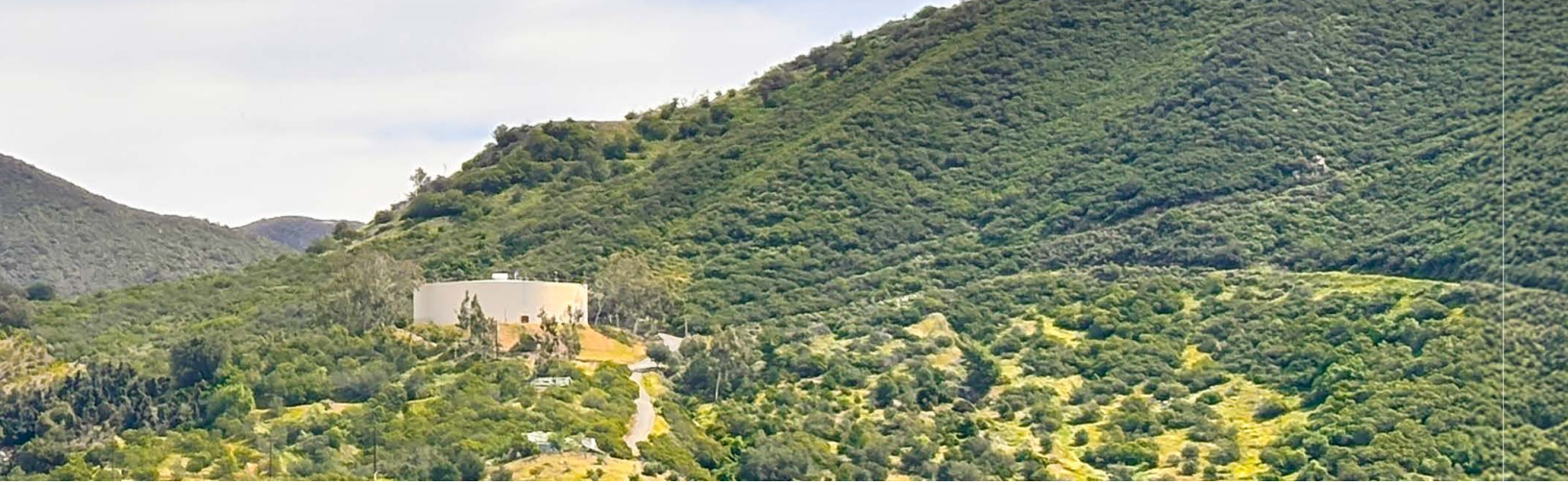
BECK (MORRO, NORTH, & RAINBOW HILLS COVERS)			
Fiscal Year	Interest Due	Principal Due	Total Annual Debt Service
2026-27	$79,147	$396,028	$475,175
2027-28	$70,814	$404,361	$475,175
2028-29	$62,305	$412,870	$475,175
2029-30	$53,617	$421,558	$475,175
2030-31	$44,746	$430,429	$475,175
2031-32	$35,689	$439,486	$475,175
2032-33	$26,441	$448,734	$475,175
2033-34	$16,999	$458,176	$475,175
2034-35	$7,357	$468,817	$475,175
TOTAL	**$397,115**	**$3,879,460**	**$4,276,575**

METER REPLACEMENT PROJECT			
Fiscal Year	Interest Due	Principal Due	Total Annual Debt Service
2026-27	$38,209	$608,854	$647,063
2027-28	$19,395	$627,668	$647,063
TOTAL	**$57,063**	**$1,236,522**	**$1,294,125**

WATER SERVICE UPGRADE PROJECT			
Fiscal Year	Interest Due	Principal Due	Total Annual Debt Service
2026-27	$28,139	$577,676	$605,816
2027-28	$9,477	$596,047	$605,524
TOTAL	**$37,616**	**$1,173,723**	**$1,211,340**

MORRO			
Fiscal Year	Interest Due	Principal Due	Total Annual Debt Service
2026-27	$104,889	$524,834	$629,723
2027-28	$93,845	$535,878	$629,723
2028-29	$82,569	$547,154	$629,723
2029-30	$71,056	$558,667	$629,723
2030-31	$59,300	$570,423	$629,723
2031-32	$47,297	$582,426	$629,723
2032-33	$35,041	$594,682	$629,723
2033-34	$22,527	$607,196	$629,723
2034-35	$9,750	$619,973	$629,723
TOTAL	**$526,274q**	**$5,141,232**	**$5,667,506**

WASTEWATER LOAN: THOROUGHBRED LIFT STATION			
Fiscal Year	Interest Due	Principal Due	Total Annual Debt Service
2026-27	$230,670	$432,351	$663,021
2027-28	$206,933	$456,087	$663,021
2028-29	$181,894	$481,127	$663,021
2029-30	$155,480	$507,540	$663,021
2030-31	$127,616	$535,404	$663,021
2031-32	$98,223	$564,798	$663,021
2032-33	$67,215	$595,806	$663,021
2033-34	$34,507	$628,516	$663,021
TOTAL	**$1,102,537**	**$4,201,629**	**$5,304,166**



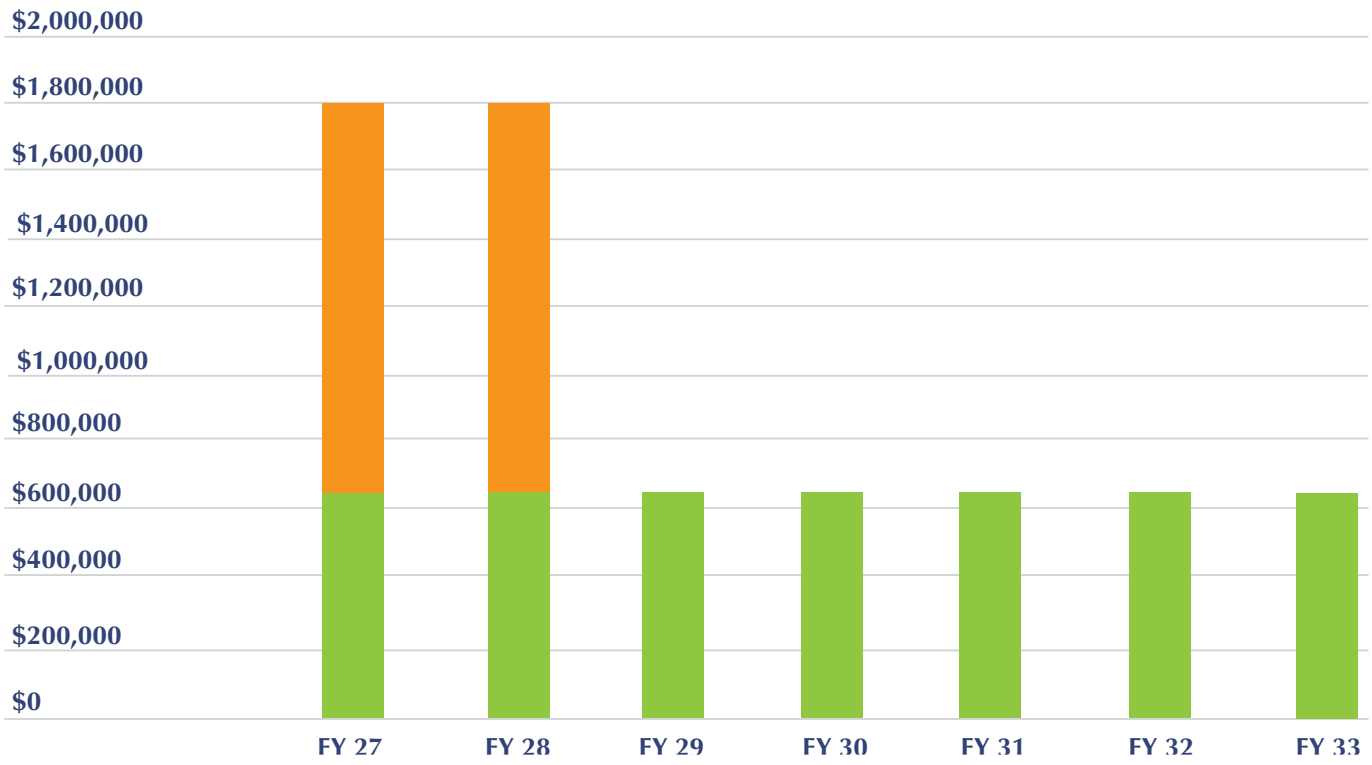
US BANK 2024 LOAN ($15.7M)			
Fiscal Year	Interest Due	Principal Due	Total Annual Debt Service
2026-27	$671,797	$1,336,067	$2,007,864
2027-28	$609,937	$1,397,927	$2,007,864
2028-29	$545,213	$1,462,651	$2,007,864
2029-30	$477,492	$1,530,372	$2,007,864
2030-31	$406,636	$1,601,228	$2,007,864
2031-32	$332,499	$1,675,365	$2,007,864
2032-33	$254,930	$1,752,934	$2,007,864
2033-34	$173,769	$1,834,095	$2,007,864
2034-35	$88,850	$1,919,014	$2,007,864
TOTAL	**$3,561,123**	**$14,509,653**	**$18,070,777**

US BANK 2024 LOAN ($10M)			
Fiscal Year	Interest Due	Principal Due	Total Annual Debt Service
2026-27	$387,966	$868,433	$1,256,399
2027-28	$346,258	$910,140	$1,256,399
2028-29	$302,548	$953,851	$1,256,399
2029-30	$256,739	$999,660	$1,256,399
2030-31	$208,729	$1,047,669	$1,256,399
2031-32	$158,414	$1,097,985	$1,256,399
2032-33	$105,682	$1,150,716	$1,256,399
2033-34	$50,418	$1,205,980	$1,256,399
2034-35	$3,988	$414,811	$418,800
TOTAL	**$1,820,743**	**$8,649,246**	**$10,469,989**

WHOLESALE WATER EFFICIENCY			
Fiscal Year	Interest Due	Principal Due	Total Annual Debt Service
2026-27	$335,975	$382,332	$718,307
2027-28	$320,606	$397,702	$718,307
2028-29	$304,618	$413,689	$718,307
2029-30	$287,988	$430,320	$718,307
2030-31	$270,689	$447,619	$718,307
2031-32	$252,695	$465,613	$718,307
2032-33	$233,977	$484,331	$718,307
2033-34	$214,507	$503,801	$718,307
2034-35	$194,254	$524,053	$718,307
2035-36	$173,187	$545,120	$718,307
2036-37	$151,273	$567,034	$718,307
2037-38	$128,478	$589,829	$718,307
2038-39	$104,767	$613,540	$718,307
2039-40	$80,103	$638,204	$718,307
2040-41	$54,447	$663,860	$718,307
2041-42	$27,760	$690,547	$718,307
TOTAL	**$3,135,324**	**$8,357,595**	**$11,492,919**



Wastewater Fund Debt Service Schedule (Principal + Interest)

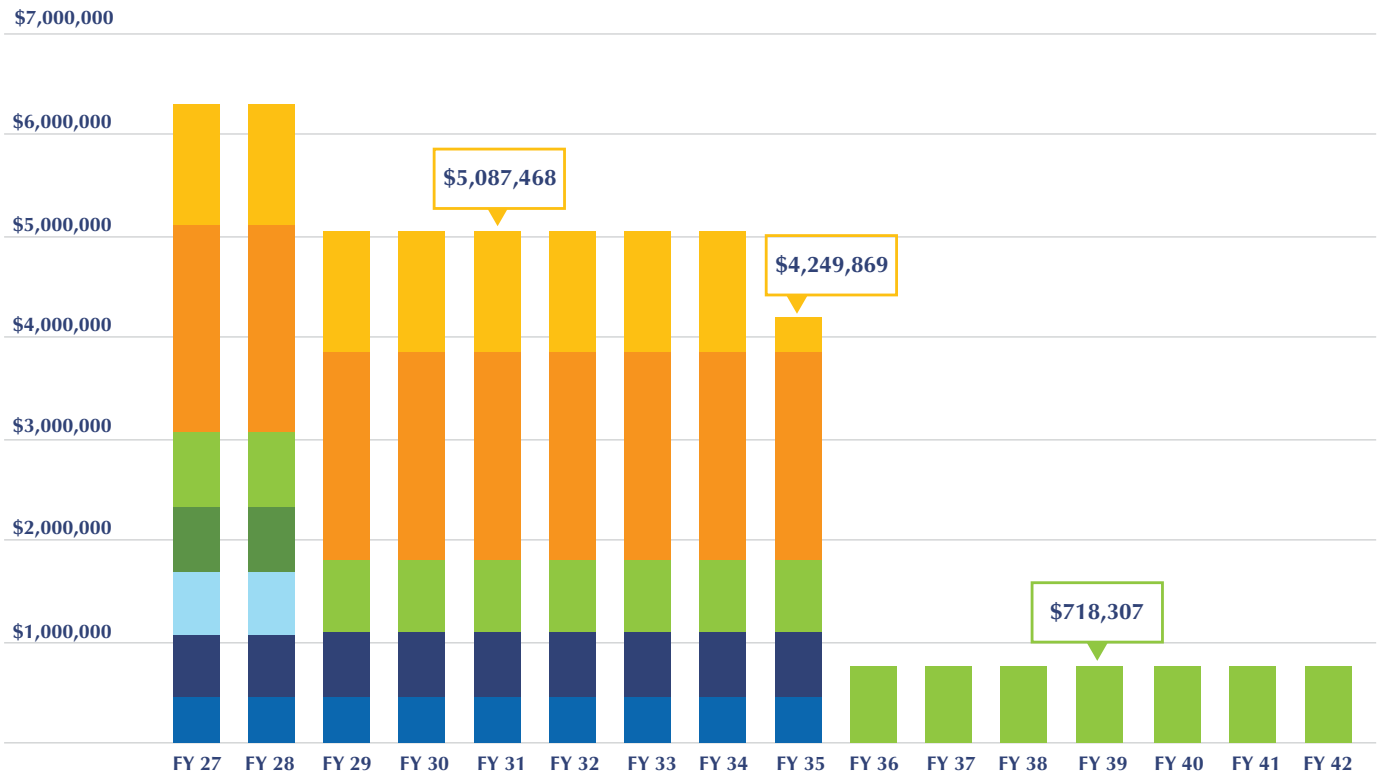


Description	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
JW Fowler Settlement	$1,150,000	$1,150,000					
Thoroughbred Lift Station	$663,021	$663,021	$663,021	$663,021	$663,021	$663,021	$663,021



Thoroughbred Lift Station

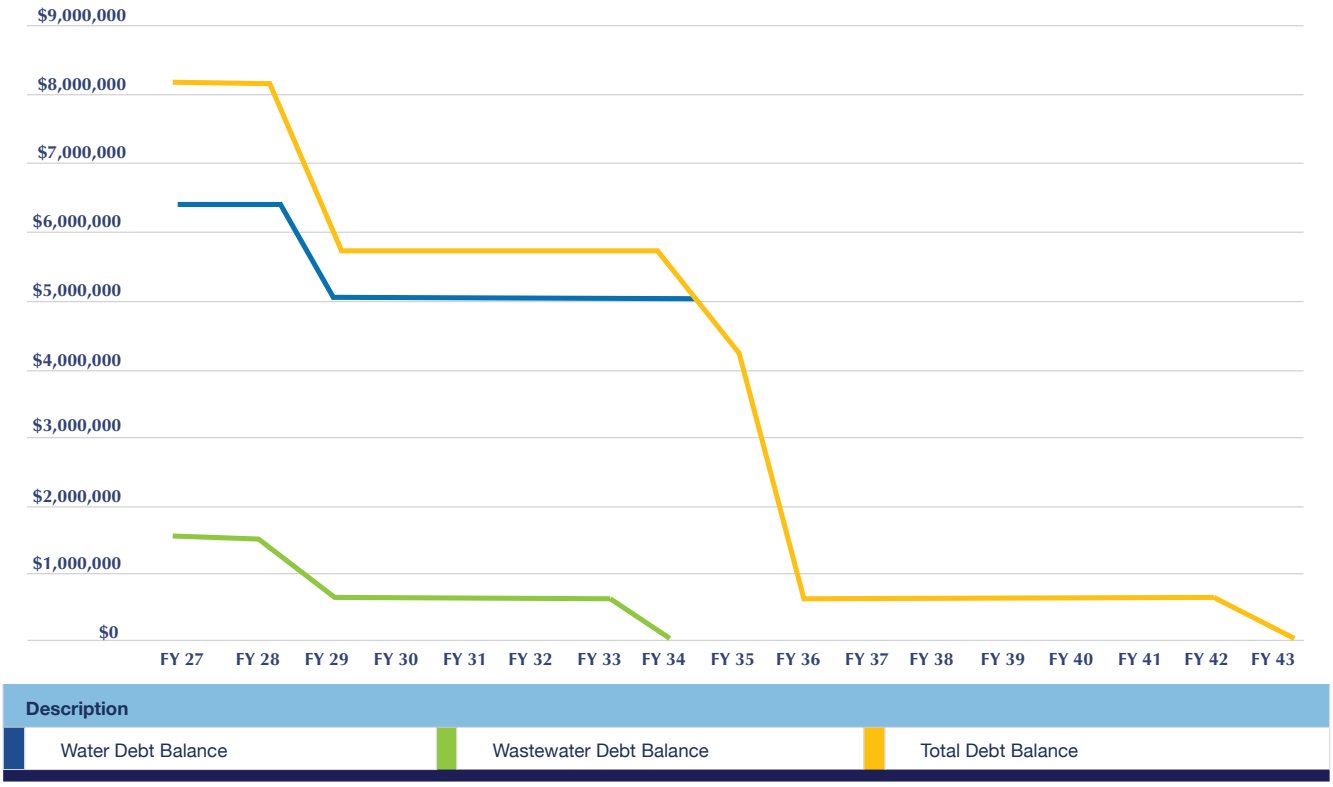
Water Fund Debt Service Schedule (Principal + Interest)



Description	Interest Rate
Water SRF: Beck	2.09%
Water SRF: Morro	2.09%
Water Zion Lease: Meter Replacement	3.09%
Water Zion Loan: Meter Replacement	3.18%

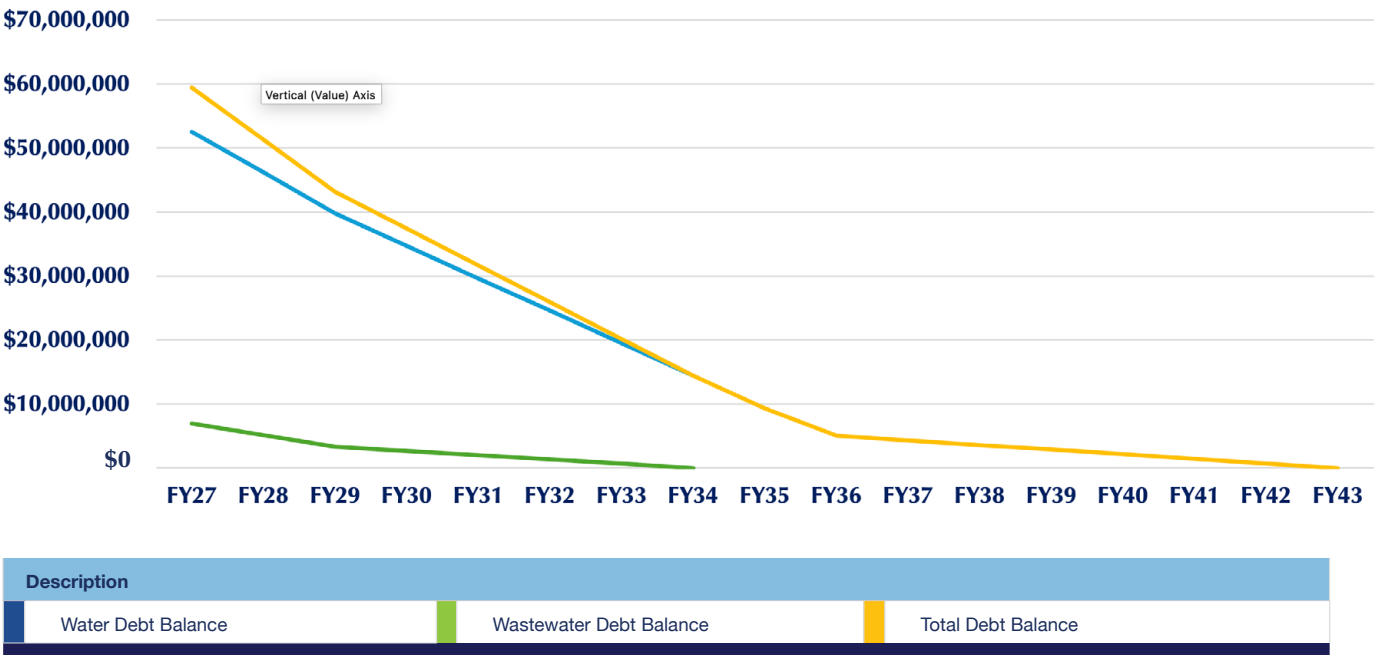
Description	Interest Rate
Water Western Alliance: Water Efficiency	4.02%
Water Exit Fee: US Bank $15.8M	4.63%
Water CIP: US Bank $10M	4.7%

Annual Debt Service



Current Outstanding Debt Balances

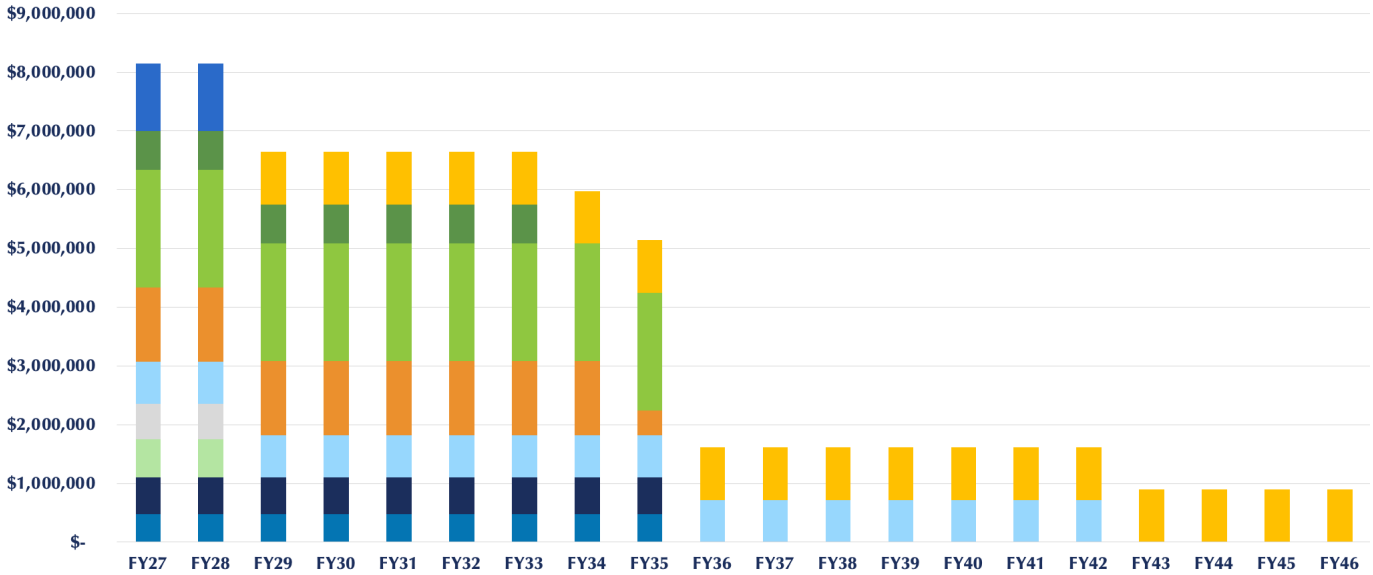
The District issued new proceeds of $15.8 million in November 2024 to finance the SDCWA exit fee.





Projected Outstanding Debt Balances

The District anticipates issuing $20 million in wastewater debt in FY 2029 through a 30-year State Revolving Fund (SRF) loan, at an assumed interest rate of 2.0%, to finance the North River Road sewer pipeline replacement project.



Description				
Water SRF: Beck, 2.09%	Water SRF: Morro, 2.09%	Water Zion Lease: Meter Replacement, 3.09%	Water Zion Lease: Meter Replacement, 3.18%	Western Water Alliance: Water Efficiency, 4.02%
Water CIP Projects: US Loan $10M, 4.7%	Water Exit Fee: US Bank $15.8M, 4.63%	Wastewater First American: Thoroughbred LS, 5.49%	Wastewater JW Fowler Settlement	$Wastewater New Debt 2029: SRF Loan 2.00%

Wastewater Fund



Wastewater Fund Budget Summary

WASTEWATER OPERATING & NON OPERATING							
Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
OPERATING REVENUES							
Wastewater Revenues	$4,769,764	$5,580,448	$6,017,688	$7,355,934	22.2%	$8,584,737	16.7%
Other Revenues	$1,200	$1,350	$1,600	$1,600	0%	$1,600	0%
TOTAL OPERATING REVENUES	$4,770,964	$5,581,798	$6,019,288	$7,357,534	22.2%	$8,586,337	16.7%
OPERATING EXPENSES							
Total Payroll Expenses	$845,570	$821,084	$831,547	$893,990	7.5%	$943,704	5.6%
Total Maintenance & Supply	$1,887,135	$2,316,917	$2,578,482	$3,117,709	20.9%	$3,509,032	12.6%
General Fund Transfer	$1,898,358	$1,458,894	$1,222,874	$1,237,868	1.2%	$1,305,111	5.4% ♦
TOTAL OPERATING EXPENSES	$4,628,063	$4,596,894	$4,632,903	$5,249,567	13.3%	$5,757,847	9.7%
NET OPERATING REVENUE	**$142,901**	**$984,903**	**$1,386,385**	**$2,107,967**	**52.0%**	**$2,828,490**	**34.2%**
NON-OPERATING REVENUES							
Investment Income		$108,680	$110,000	$82,581	-24.9%	$93,935	13.8%
Property Tax Revenue	$80,434	$83,716	$91,300	$85,806	-6.0%	$88,381	3.0%
Grants Revenue		$6,186			0.0%		0.0%
TOTAL NON-OPERATING REVENUES	$80,434	$202,154	$201,300	$168,387	-16.4%	$182,316	8.3%
NON-OPERATING EXPENSES							
Oceanside - Prior Per. Wastewater Liability	$1,046,135	$1,926,806			0.0%		0.0% ♦
Oceanside - Contribution to Repl. Reserve			$407,703	$682,735	67.5%	$751,009	10.0%
Debt Service (Principal & Interest)	$663,021	$663,021	$663,021	$663,021	0.0%	$663,021	0.0%
TOTAL NON-OPERATING EXPENSES	$1,709,156	$2,589,827	$1,070,724	$1,345,756	25.7%	$1,414,030	5.1%
NET NON-OPERATING REVENUE	**($1,628,722)**	**($2,387,673)**	**($869,424**	**($1,177,369)**	**35.4%**	**($1,231,713)**	**4.6%**
NET REVENUE	**(1,485,821)**	**($1,402,770)**	**$516,961**	**$930,598**	**80.0%**	**1,596,777**	**71.6%**

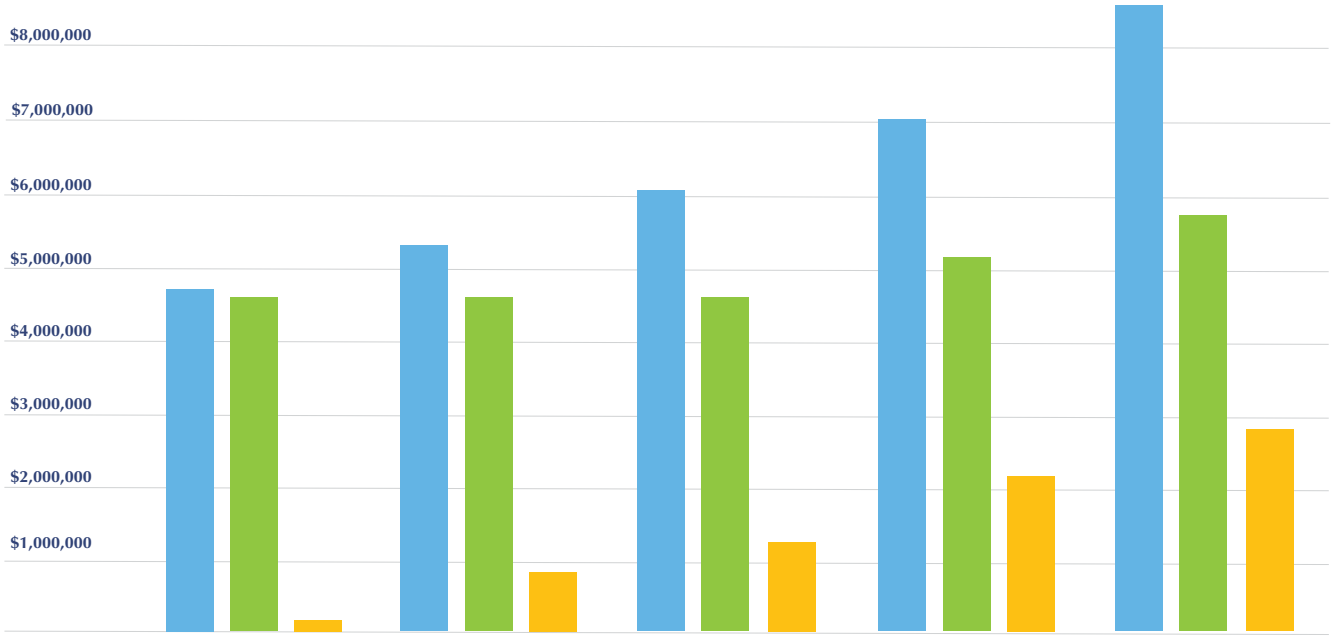
WASTEWATER TOTAL DEBT SERVICE			
Fiscal Year	Interest Due	Principal Due	Total Annual Debt Service
2026-27	$230,670	$1,582,351	$1,813,021
2027-28	$206,933	$1,606,087	$1,813,020
2028-29	$181,894	$481,127	$663,021
2029-30	$155,480	$507,540	$663,020
2030-31	$127,616	$535,404	$663,020
2031-32	$98,223	$564,798	$663,021
2032-33	$67,215	$595,806	$663,021
2033-34	$34,505	$628,515	$663,021
TOTAL	**$1,092,537**	**$6,501,628**	**$7,604,165**

♦ General Fund overhead allocation reduced from 13.3%% to 12.9% to reflect labor hours budgeted directly to water and wastewater operations.
♦ Prior period liability paid in full as of June 2025.

Wastewater Fund Budgeted Revenues

WASTEWATER REVENUES								
GL Account	Description	FY 24 Actuals	FY 25 Budget	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
02-99-41112	Sewer Charges-Established Acct	$4,769,764	$5,580,448	$6,017,688	$7,355,934	22.2%	$8,584,737	16.7%
02-99-43106	Operating Inc-Sewer Letter	$1,200	$1,350	$1,600	$1,600	0.0%	$1,600	0.0%
TOTAL WASTEWATER OPERATING REVENUES		$4,770,964	$5,581,798	$6,019,288	$7,357,534	22.2%	$8,586,337	216.7%
02-99-49200	Interest Revenue		$112,252	$110,000	$82,581	-24.9%	$93,935	13.8%
02-99-49301	Property Tax Revenue	$80,434	$83,716	$91,300	$85,806	6.0%	$88,381	3.0%
TOTAL NON-OPERATING REVENUES		$80,434	$201,154	$201,300	$168,387	-16.4%	$182,316	8.3%
TOTAL WASTEWATER REVENUES		$4,851,398	$5,783,951	$6,220,588	$7,525,921	21%	$8,768,653	16.5%

Wastewater Revenues vs. Expenses

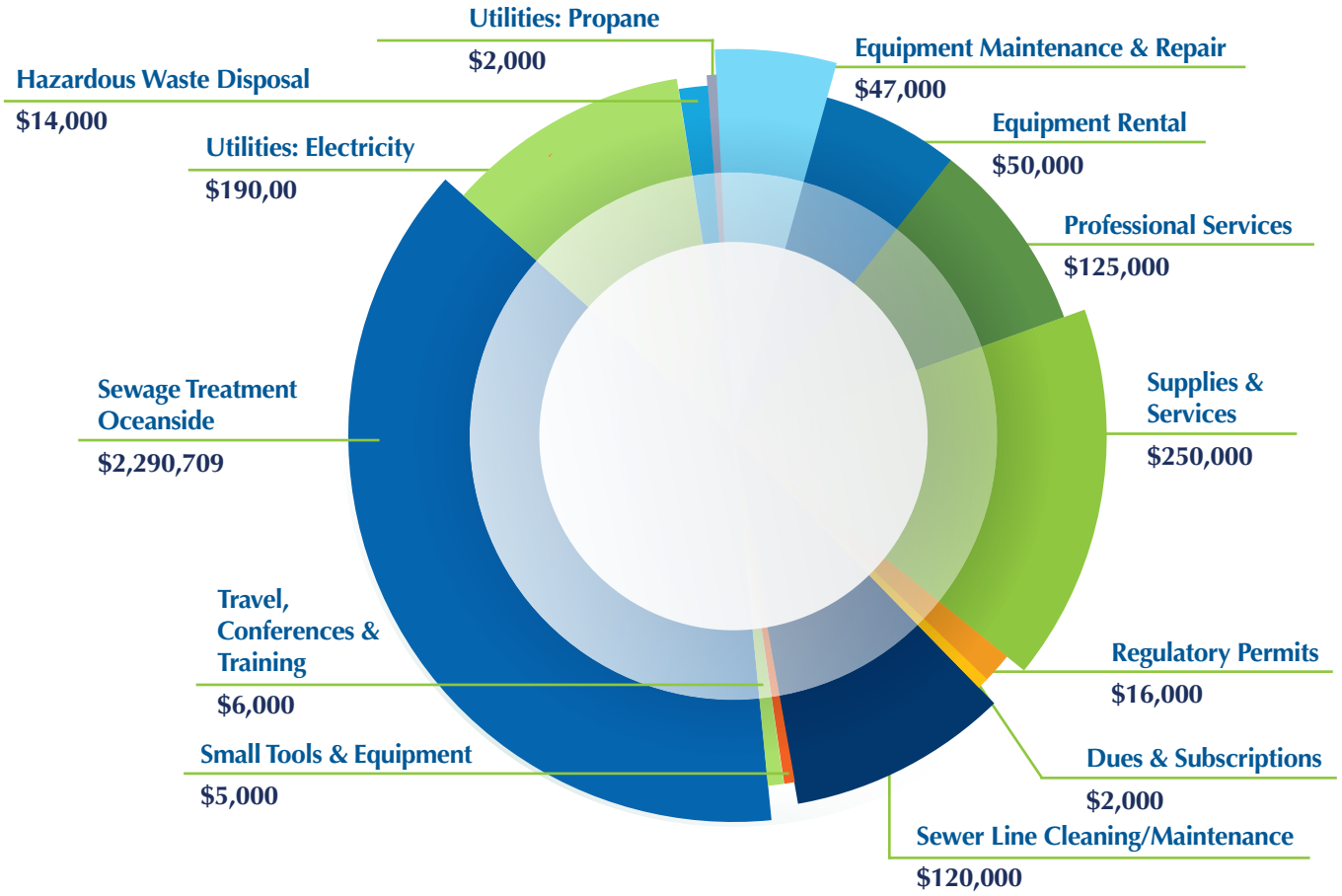


Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 28 Budget
Revenues	$4,770,964	$5,581,798	$6,019,288	$7,357,534	$8,586,337
Expenses	$4,628,063	$4,596,891	$4,632,903	$5,249,567	$5,757,847
Net Revenue	$142,901	$984,904	$1,386,385	$2,107,967	$2,828,490

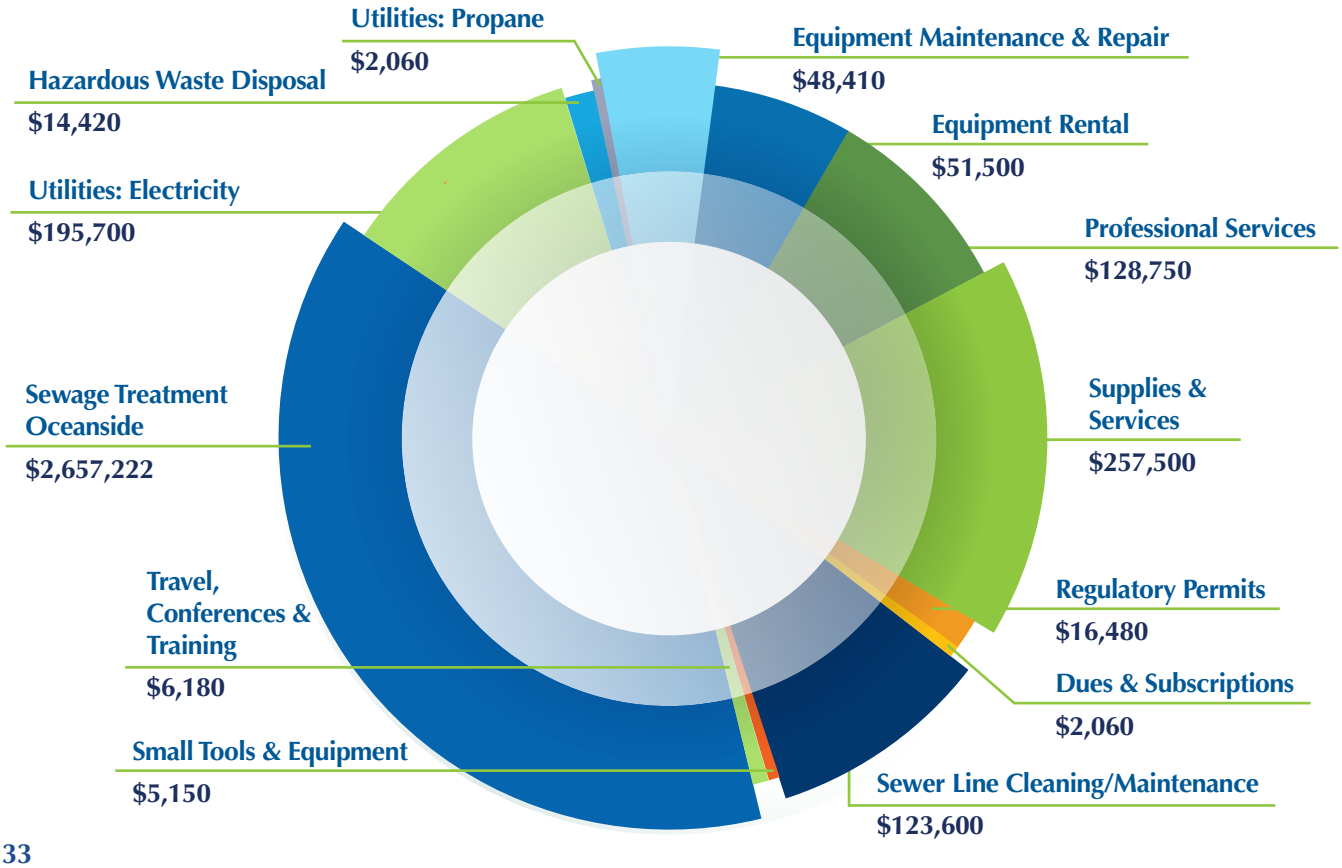
Wastewater Fund Budgeted Expenses

WASTEWATER EXPENSES: DEPT 61								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
02-61-56101	Regular Salaries	$482,872	$434,067	$438,158	$465,138	6%	$489,558	5%
02-61-56103	Overtime & Comp Time	$93,373	$98,922	$93,358	$106,863	14%	$112,456	5%
02-61-56501	Employer's Share SSI	$34,708	$35,565	$36,244	$38,844	7%	$41,200	6%
02-61-56502	Employer's Share Medicare	$8,117	$8,318	$8,476	$9,084	7%	$9,635	6%
02-61-56503	Medical Insurance	$93,535	$71,467	$71,142	$85,791	21%	$94,370	10%
02-61-56504	Dental Insurance	$8,016	$6,359	$8,560	$9,012	5%	$9,913	10%
02-61-56505	Vision Insurance	$1,062	$1,205	$2,202	$1,097	-50%	$1,206	10%
02-61-56506	Life, S/T, L/T Disability Insurance	$4,775	$4,978	$5,765	$6,137	6%	$6,324	3%
02-61-56507	Retirement-CalPERS	$61,584	$57,265	$64,581	$63,908	-1%	$66,675	4%
02-61-56512	Tuition Reimbursement	$1,834	$1,579	$2,000		-100%		0%
02-61-56515	Worker's Compensation Ins.	$9,364	$8,722	$8,851	$7,222	-18%	$7,667	6%
02-61-56516	State Unemployment Insurance	$753	$804	$736	$588	-20%	$644	10%
02-61-56518	Standby Pay	$18,854	$18,568	$19,500	$25,750	32%	$25,750	0%
02-61-56519	Paid Time Off Accrual	$17,323	$64,564	$61,314	$61,298	0%	$65,045	6%
02-61-56520	Deferred Compensation	$9,400	$8,700	$10,660	$13,260	24%	$13,260	0%
TOTAL PAYROLL EXPENSES		**$845,570**	**$821,084**	**$831,547**	**$893,990**	**8%**	**$943,704**	**6%**
02-61-60000	Electronics			$1,000		-100%		0%
02-61-63100	Equipment Maintenance	$55,213	$43,897	$73,000	$47,000	-36%	$48,410	3%
02-61-63200	Equipment Rental	$53,891	$35,100	$50,000	$50,000	0%	$51,500	3%
02-61-70000	Professional Services	$19,210	$124,074	$45,000	$125,000	178%	$128,750	3%
02-61-72000	Supplies & Services	$248,574	$199,816	$350,000	$250,000	-29%	$257,500	3%
02-61-72150	Regulatory Permits	$14,360	$13,888	$16,000	$16,000	0%	$16,480	3%
02-61-72400	Dues & Subscriptions	$1,538		$2,000	$2,000	0%	$2,060	3%
02-61-72600	Sewer Line Cleaning/Maint.	$51,365	$32,993	$120,000	$120,000	0%	$123,600	3%
02-61-73000	Small Tools & Equipment	$6,259	$6,811	$5,000	$5,000	0%	$5,150	3%
02-61-75300	Travel/Conferences/Training	$220	$2,356	$1,000	$6,000	500%	$6,180	3%
02-61-77000	Sewer Treatment Oceanside	$1,314,342	$1,709,451	$1,718,782	$2,290,709	33%	$2,657,222	16%
02-61-78000	Utilities: Electricity	$115,066	$145,215	$185,000	$190,000	3%	$195,700	3%
02-61-78300	Hazardous Waste Disposal	$2,620	$2,386	$10,200	$14,000	37%	$14,420	3%
02-61-78700	Utilities: Propane	$4,477	$930	$1,500	$2,000	33%	$2,060	3%
TOTAL MAINTENANCE & SUPPLY EXPENSES		**$1,887,135**	**$2,316,917**	**$2,578,485**	**$3,117,709**	**21%**	**$3,509,032**	**13%**
02-99-5216	Overhead Transfer to Gen Fund	$1,926,314	$1,458,894	$1,237,154	$1,237,868	0%	$1,305,111	5%
TOTAL TRANSFERS		**$1,926,314**	**$1,458,894**	**$1,237,154**	**$1,237,868**	**0%**	**$1,305,111**	**5%**
TOTAL WASTEWATER EXPENSES		**$4,659,019**	**$4,596,894**	**$4,647,183**	**$5,249,567**	**13%**	**$5,757,847**	**10%**

FY 27 Adopted Wastewater Expenses



FY 28 Adopted Wastewater Expenses



General Fund



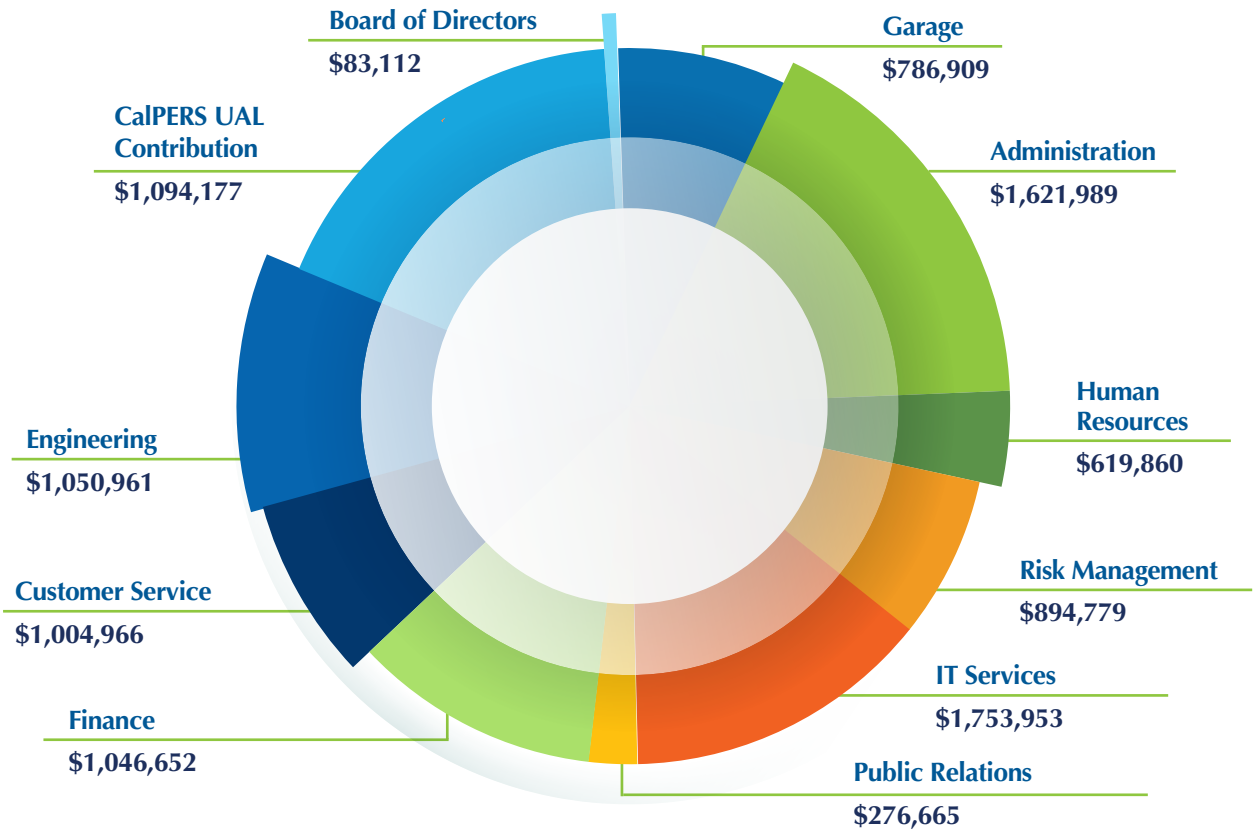




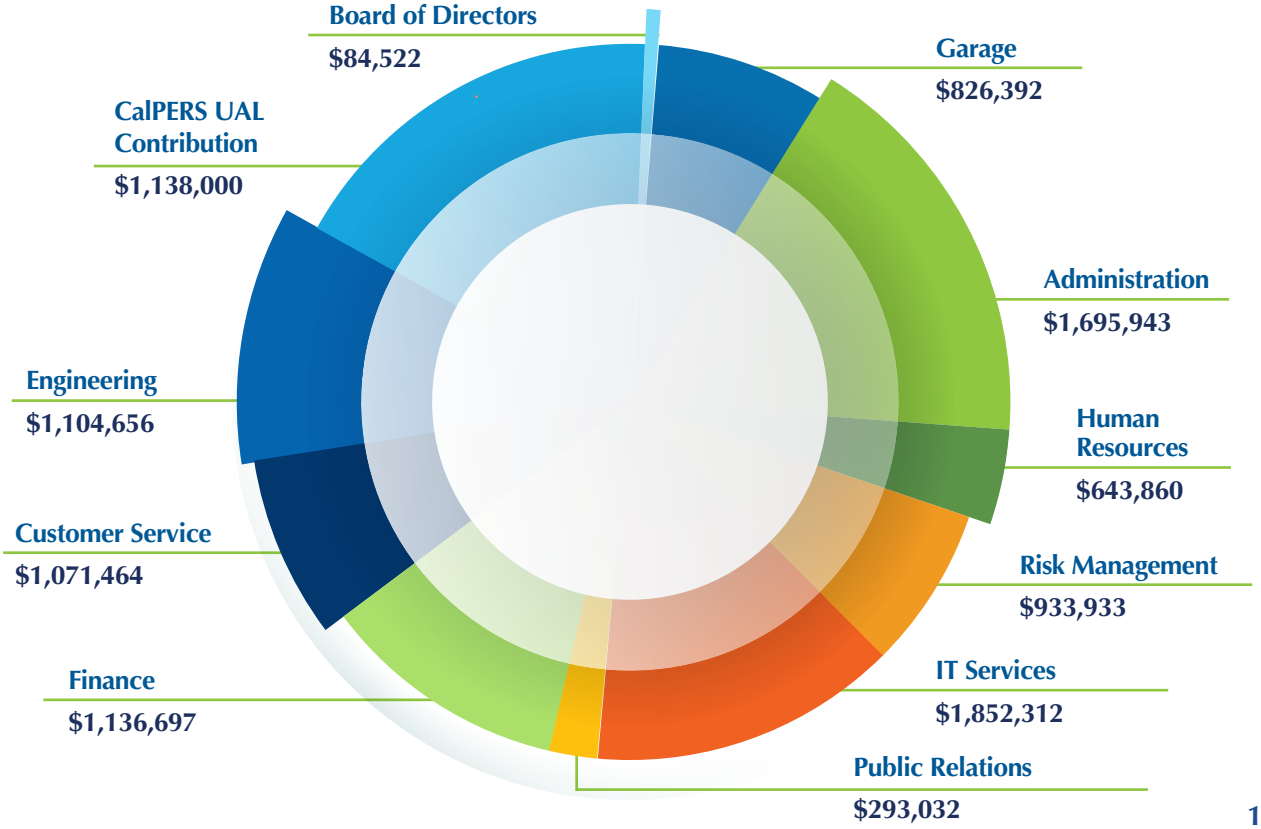
General Fund Budget Summary

GENERAL FUND OPERATING SUMMARY							
Description	**FY 24 Actuals**	**FY 25 Actuals**	**FY 26 Budget**	**FY 27 Budget**	**FY 26/27 % Change**	**FY 28 Budget**	**FY 27/28 % Change**
OPERATING REVENUES							
Water Overhead Transfer	$8,212,179	$6,219,496	$7,971,666	$8,358,008	4.8%	$8,812,028	5.4%
Wastewater Overhead Transfer	$1,926,314	$1,458,894	$1,222,874	$1,237,868	1.2%	1,305,111	5.4%
Other General Fund Revenue	$555,801	$789,398	$933,518	$638,147	-31.6%	$663,673	4.0%
TOTAL OPERATING REVENUES	**$10,694,293**	**$8,467,788**	**$10,128,058**	**$10,234,023**	**1.0%**	**$10,780,811**	**5.3%**
OPERATING EXPENSES							
Board of Directors	$49,984	$44,668	$60,125	$83,112	38.2%	$84,522	1.7%
Garage	$646,055	$668,265	$704,820	$786,909	11.6%	$826,392	5.0%
Administration	$2,817,957	$1,357,765	$1,568,250	$1,621,989	3.4%	$1,695,943	4.6%
Human Resources	$446,908	$553,081	$552,332	$619,860	12.2%	$643,860	3.9%
Risk Management	$685,905	$728,819	$929,490	$894,779	-3.7%	$933,933	4.4%
IT Services	$1,208,206	$1,355,629	$1,580,523	$1,753,953	11.0%	$1,852,312	5.6%
Public Relations	$82,906	$136,174	$214,259	$276,665	29.1%	$293,032	5.9%
Finance	$1,160,797	$1,132,603	$1,124,579	$1,046,652	-6.9%	$1,136,697	8.6%
Customer Service	$544,907	$765,940	$889,596	$1,004,966	13.0%	$1,071,464	6.6%
Engineering	$1,548,181	$880,449	$979,084	$1,050,961	7.3%	$1,104,656	5.1%
CalPERS UAL Contribution	$1,502,487	$829,828	$1,525,000	$1,094,177	-28.3%	$1,138,000	4.0%
TOTAL OPERATING EXPENSES	**$10,694,293**	**$8,467,788**	**$10,128,058**	**$10,234,023**	**1.0%**	**$10,780,811**	**5.3%**
CHANGE IN NET POSITION					**0.0%**		**0.0%**

FY 2027 Adopted General Fund Expenses



FY 2028 Adopted General Fund Expenses



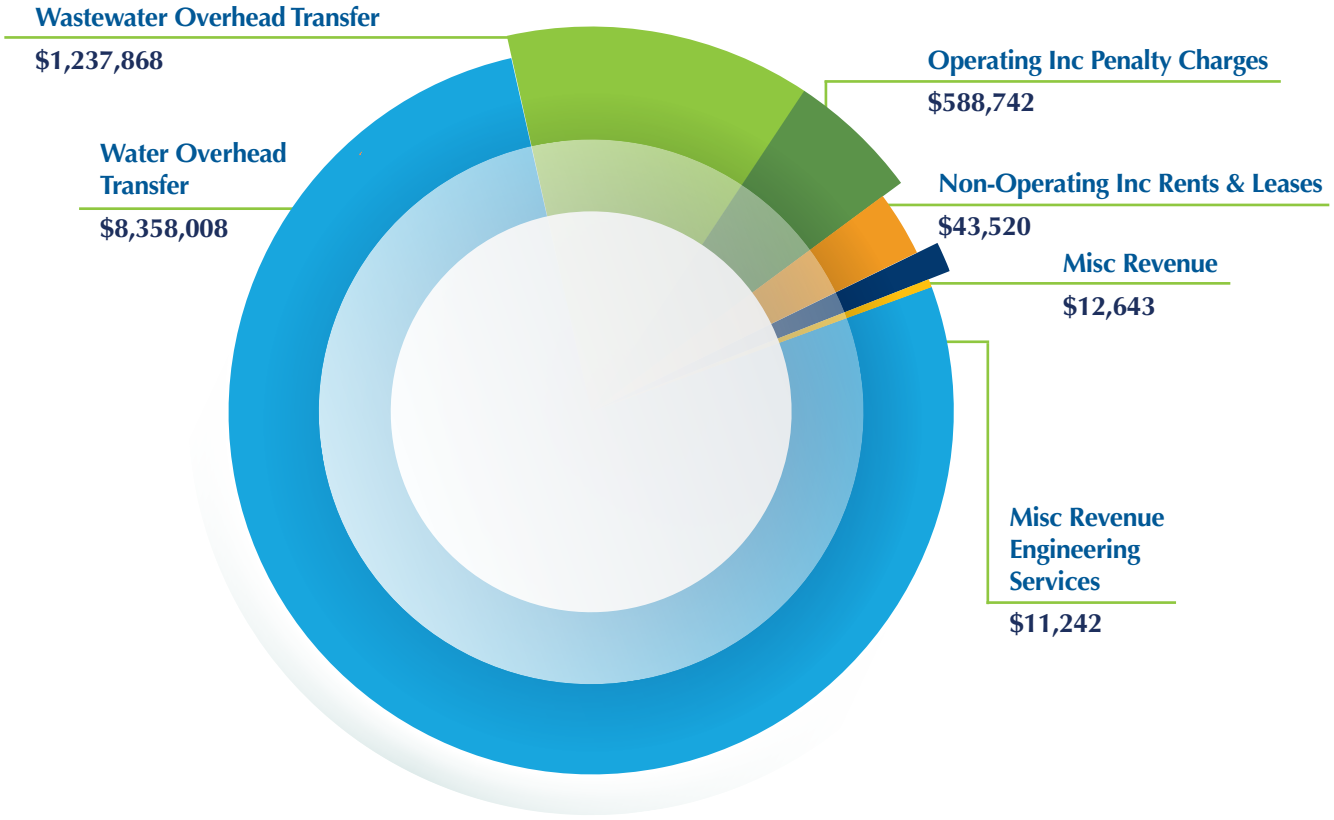

Metropolitan's Skinner Treatment Plant in Temecula, Riverside County

General Fund Budgeted Revenues

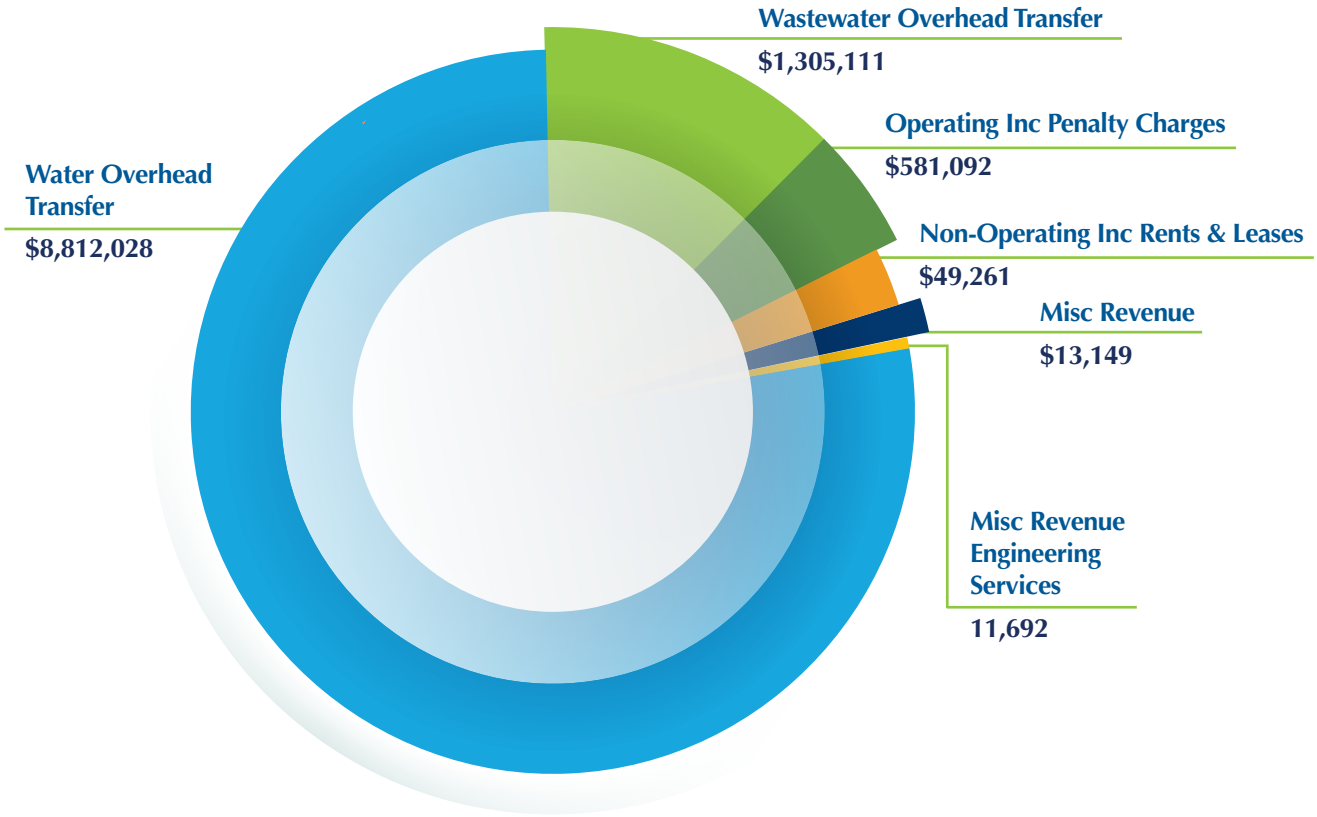
GENERAL FUND REVENUES								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
03-99-42200	Water Overhead Transfer	$8,212,179	$6,219,496	$7,971,666	$8,358,008	4.8%	$8,812,028	5%
03-99-42200	Wastewater Overhead Transfer	$1,926,314	$1,458,894	$1,222,874	$1,237,868	1.2%	$1,305,111	5%
03-99-43102	Operating Inc Penalty Charges	$564,506	$507,326	$527,619	$558,742	5.9%	$581,092	4%
03-99-43108	Non-Operating Inc-Rents & Leases	$114,395	$83,160	$86,487	$43,520	-49.7%	$49,261	4%
03-99-49109	Miscellaneous Revenue	$32,424	$299,917	$311,913	$12,643	-95.9%	$13,149	4%
03-99-49110	Gain (Loss) from Sale of Assets	($162,924)	($107,105)	$0	$12,000	100%	$12,480	4%
03-99-49114	Misc. Revenue - Eng Services	$7,400	$6,100	$7,500	$11,242	49.9%	$11,692	4%
TOTAL GENERAL FUND REVENUES		**$10,694,293**	**$8,467,788**	**$10,128,058**	**$10,234,023**	**1.0%**	**$10,780,811**	**5%**

- The overhead transfer from General Fund 03 is allocated based on the proportion of full-time equivalent (FTE) positions supported in Water Fund 01. Of the 31 total FTEs in Funds 01 and 02, 27 FTEs are in Fund 01, resulting in an 87.1% overhead distribution to that fund, 4 FTEs in Fund 02, resulting in a 12.9% overhead distribution.

FY 2027 Budgeted General Fund Revenues



FY 2028 Budgeted General Fund Revenues



General Fund

Budgeted Expenses



Administration Expenses

ADMINISTRATION EXPENSES: DEPT 41								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
03-41-56101	Regular Salaries	$570,980	$406,047	$412,623	$438,548	6%	$459,957	5%
03-41-56103	Overtime & Comp Time	$3,390	$2,431	$3,346	$6,145	84%	$6,425	5%
03-41-56501	Employer's Share SSI	$26,739	$19,347	$20,616	$21,359	4%	$21,971	3%
03-41-56502	Employer's Share Medicare	$8,115	$6,161	$6,930	$6,778	-2%	$7,429	10%
03-41-56503	Medical Insurance	$42,397	$44,360	$47,428	$52,544	11%	$57,799	10%
03-41-56504	Dental Insurance	$3,561	$4,124	$4,280	$4,506	5%	$4,956	10%
03-41-56505	Vision Insurance	$561	$615	$700	$548	-22%	$603	10%
03-41-56506	Life, S/T, L/T Disability Ins.	$3,491	$3,346	$3,991	$4,147	4%	$4,204	1%
03-41-56507	Retirement-CalPERS	$63,286	$61,486	$60,785	$67,850	12%	$70,970	5%
03-41-56511	Employee Uniform Allowances	$32,315	$29,625	$35,000	$30,000	-14%	$30,000	0%
03-41-56512	Tuition Reimbursement					0%		0%
03-41-56515	Worker's Comp. Insurance	$2,378	$2,202	$2,532	$1,957	-23%	$2,151	10%
03-41-56516	State Unemployment Insurance	$846	$426	$368	$294	-20%	$322	10%
03-41-56519	Paid Time Off Accrual		$45,323	$49,031	$49,692	1%	$54,636	10%
03-41-56520	Deferred Compensation	$11,381	$15,112	$15,120	$15,120	0%	$15,120	0%
TOTAL PAYROLL EXPENSES		$769,440	$640,606	$662,750	$699,489	6%	$736,643	5%
03-41-63200	Equipment Rental	$42,348	$38,242	$50,000	$50,000	0%	$52,000	4%
03-41-63400	Kitchen Supplies	$17,532	$9,153	$8,500	$9,000	6%	$9,360	4%
03-41-63401	Building Maintenance	$298,674	$86,054	$120,000	$120,000	0%	$124,800	4%
03-41-70000	Professional Services	$413,397	$97,865	$200,000	$200,000	0%	$208,00	4%
03-41-70300	Legal Services	$689,960	$142,728	$150,000	$150,000	0%	$156,000	4%
03-41-72000	Supplies & Services	$301,656	$33,960	$30,000	$25,000	-17%	$26,000	4%
03-41-72400	Dues & Subscriptions	$73,666	$72,357	$89,000	$90,000	1%	$93,600	4%
03-41-72702	Public Notices/Advertising	$3,095	$330	$1,000	$1,000	0%	$1,040	4%
03-41-72900	Stationery & Office Supplies	$5,842	$4,507	$4,500	$5,000	11%	$5,200	4%
03-41-74000	Communications	$14,336	$14,770	$15,500	$18,500	19%	$19,240	4%
03-41-74100	Phone Bill	$100,130	$104,388	$105,000	$105,000	0%	$109,200	4%
03-41-75300	Travel/Conferences/Training	$8,547	$14,126	$15,000	$15,000	0%	$15,600	4%
03-41-78000	Utilities: Electricity	$72,734	$76,478	$95,000	$102,000	7%	$106,080	4%
03-41-78700	Utilities: Propane	$2,642	$5,576	$7,000	$7,000	0%	$7,280	4%
03-41-78900	Trash Pick-Up	$14,136	$16,594	$15,000	$25,000	67%	$26,000	4%
TOTAL MAINTENANCE & SUPPLY EXPENSES		$2,058,695	$717,159	$905,500	$922,500	2%	$959,400	4%
TOTAL ADMINISTRATION EXPENSES		$2,828,135	$1,357,765	$1,565,250	$1,621,989	3%	$1,695,943	5%

Human Resources Expenses

HUMAN RESOURCES EXPENSES: DEPT 42								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
03-42-56101	Regular Salaries	$259,588	$277,846	$271,460	$299,963	10%	$318,789	6%
03-42-56103	Overtime & Comp Time	$1,843	$5,802	$4,433	$6,789	53%	$7,250	7%
03-42-56501	Employer's Share SSI	$14,313	$16,980	$16,336	$17,578	8%	$17,270	-2%
03-42-56502	Employer's Share Medicare	$3,824	$4,559	$4,404	$4,697	7%	$4,039	-14%
03-42-56503	Medical Insurance	$41,955	$39,268	$34,421	$38,942	13%	$42,837	10%
03-42-56504	Dental Insurance	$4,008	$4,138	$4,280	$2,998	-30%	$3,297	10%
03-42-56505	Vision Insurance	$531	$617	$700	$548	-22%	$603	10%
03-42-56506	Life, S/T, L/T Disability Ins.	$2,342	$2,710	$3,160	$3,376	7%	$3,426	1%
03-42-56507	Retirement-CalPERS	$16,345	$18,398	$18,047	$20,175	12%	$21,182	5%
03-42-56512	Tuition Reimbursement		$2,079	$5,250		-100%		0%
03-42-56515	Worker's Comp. Insurance	$1,327	$1,387	$1,393	$1,175	-16%	$1,006	-14%
03-42-56516	State Unemployment Insurance	$377	$322	$368	$294	-20%	$322	10%
03-42-56519	Paid Time Off Accrual		$35,628	$37,520	$40,255	7%	$33,964	-16%
03-42-56520	Deferred Compensation	$5,550	$7,150	$9,360	$12,870	38%	$12,870	0%
TOTAL PAYROLL EXPENSES		$352,003	$416,883	$411,132	$449,660	9%	$466,852	4%
03-42-63100	Employee Relations	$32,006	$19,121	$28,000	$30,000	7%	$31,200	4%
03-42-70000	Professional Services	$4,266	$38,330	$20,000	$30,000 ♦	50%	$31,200	4%
03-43-70300	Legal Services	$9,166	$6,073	$10,500	$15,000	43%	$15,600	4%
03-43-72000	Supplies & Services	$1,403	$14,810	$4,000	$4,000	0%	$4,160	4%
03-43-72200	Books & Resources					0%		0%
03-43-72400	Dues & Subscriptions	$4,220	$9,236	$4,500	$17,200 ♦	282%	$17,888	4%
03-43-75300	Travel/Conferences/Training	$6,828	$12,610	$8,200	$14,000	71%	$14,560	4%
03-43-75400	Workforce Development	$2,580	$23,434	$38,000	$28,000	-26%	$29,120	4%
03-42-75500	Recruitment	$35,950	$12,584	$28,000	$32,000	14%	$33,280	4%
TOTAL OPERATING EXPENSES		$87,419	$136,197	$141,200	$170,200	21%	$177,008	4%
TOTAL HUMAN RESOURCES EXPENSES		**$439,422**	**$553,081**	**$552,332**	**$619,860**	**12%**	**$643,860**	**4%**

♦ Dues & subscriptions includes new two-year subscription to Holly for compensation analysis. Subscription services to Neogov, Energage, Criteia, Kahoot, Canva, and change to background check

Risk Management Expenses

RISK MANAGEMENT EXPENSES: DEPT 43								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
03-43-56101	Regular Salaries	$133,741	$143,481	$144,356	$156,672	9%	$166,178	6%
03-43-56103	Overtime & Comp Time		$578			0%		0%
03-43-56501	Employer's Share SSI	$7,179	$8,959	$9,845	$10,263	4%	$10,677	4%
03-43-56502	Employer's Share Medicare	$1,677	$2,095	$2,302	$2,400	4%	$2,495	4%
03-43-56503	Medical Insurance	$18,732	$21,981	$23,714	$7,200	-70%	$7,920	10%
03-43-56504	Dental Insurance	$1,670	$2,060	$2,140	$2,253	5%	$2,478	10%
03-43-56505	Vision Insurance	$228	$307	$350	$274	-22%	$302	10%
03-43-56506	Life, S/T, L/T Disability Ins.	$1,252	$1,630	$1,893	$2,092	11%	$2,156	3%
03-43-56507	Retirement-CalPERS	$9,021	$11,186	$11,950	$12,969	9%	$13,488	4%
03-43-56512	Tuition Reimbursement	($199)	$3,389	$5,250	$5,250	0%	$5,250	0%
03-43-56513	Employee Relations		$5,081			0%		0%
03-43-56515	Worker's Comp. Insurance	$574	$703	$3,865	$3,188	-18%	$3,315	4%
03-43-56516	State Unemployment Insurance	$377	$161	$184	$147	-20%	$161	10%
03-43-56519	Paid Time Off Accrual		$17,215	$17,321	$18,799	9%	$19,550	4%
03-43-56520	Deferred Compensation	$1,350	$3,507	$5,720	$5,720	0%	$5,720	0%
TOTAL PAYROLL EXPENSES		$175,594	$222,333	$228,890	$227,228	-1%	$239,680	5%
03-43-63100	Equipment Maintenance	$5,132				0%		0%
03-43-63102	Equipment Maint. Contract	$2,508	$2,508	$5,000	$5,240	5%	$5,450	4%
03-43-65000	Property Liability Insurance	$402,266	$412,104	$572,000	$533,000	-7%	$554,320	4%
03-43-65100	District-Paid Claims	$19,432	$9,682	$20,000		-100%		0%
03-43-70000	Professional Services					0%		0%
03-43-70300	Legal Services	$5,753	$990	$7,000	$6,615	-6%	$6,880	4%
03-43-72000	Supplies & Services	$12,330	$17,094	$12,000	$12,911	8%	$13,427	4%
03-43-72150	Regulatory Permits		$1,956	$7,000	$7,072	1%	$7,355	4%
03-43-72200	Books & Resources	$642				0%		0%
03-43-72400	Dues & Subscriptions	$4,142	$8,416	$10,000	$22,459	125%	$23,357	4%
03-43-72500	Safety Supplies	$44,315	$48,462	$50,000	$54,000	8%	$56,160	4%
03-43-75300	Travel/Conferences/Training	$1,964	$5,274	$5,000	$9,150	83%	$9,516	4%
03-43-75400	Workforce Development			$12,600	$17,104	36%	$17,788	4%
TOTAL OPERATING EXPENSES		$498,483	$506,487	$700,600	$667,551	-5%	$694,253	4%
TOTAL RISK MANAGEMENT EXPENSES		$674,077	$728,819	$929,490	$894,779	-4%	$933,933	4%

Public Relations Expenses

PUBLIC RELATIONS EXPENSES: DEPT 45								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
03-45-56101	Regular Salaries	$57,329	$87,489	$104,024	$110,444	6%	$117,628	7%
03-45-56103	Overtime & Comp Time	$839	$1,372	$2,401	$12,161	406%	$12,924	6%
03-45-56501	Employer's Share SSI	$2,632	$5,560	$6,970	$8,034	15%	$8,544	6%
03-45-56502	Employer's Share Medicare	$615	$1,300	$1,630	$1,879	15%	$1,998	6%
03-45-56503	Medical Insurance			$23,714	$26,825	13%	$29,507	10%
03-45-56504	Dental Insurance			$2,140	$2,253	5%	$2,478	10%
03-45-56505	Vision Insurance			$350	$274	-22%	$302	10%
03-45-56506	Life, S/T, L/T Disability Ins.	($49)		$1,251	$1,473	18%	$1,531	4%
03-45-56507	Retirement-CalPERS		$5,695	$8,280	$9,070	10%	$9,638	6%
03-45-56515	Worker's Comp. Insurance	$206	$420	$516	$453	-12%	$481	6%
03-45-56516	State Unemployment Insurance	$272	$393	$184	$147	-20%	$161	10%
03-45-56519	Paid Time Off Accrual		$4,037	$9,999	$10,952	10%	$11,639	6%
03-45-56520	Deferred Compensation			$1,300	$5,200	300%	$5,200	0%
TOTAL PAYROLL EXPENSES		$61,845	$106,265	$162,759	$189,165	16%	$202,032	7%
03-52-69000	Postage				$500	100%	$520	100%
03-52-70000	Professional Services		$8,771		$29,000	100%	$30,160	100%
03-52-70300	Legal Services	$17,435		$3,000	$3,000	0%	$3,120	4%
03-52-72000	Supplies & Services		$17,653	$32,000	$35,000	9%	$36,400	4%
03-45-72400	Dues & Subscriptions		$1,730	$3,500	$4,500	29%	$4,680	4%
03-45-72702	Advertising			$3,500	$3,500	0%	$3,640	4%
03-45-72703	Outreach/Special Events			$6,000	$7,500	25%	$7,800	4%
03-52-75300	Travel/Conferences/Training	$1,547	$1,755	$3,500	$4,500	29%	$4,680	4%
TOTAL OPERATING EXPENSES		$19,192	$29,908	$51,500	$87,500	70%	$91,000	4%
TOTAL PUBLIC RELATIONS EXPENSES		**$81,036**	**$136,174**	**$214,259**	**$276,665**	**29%**	**$293,032**	**6%**

Finance Expenses

FINANCE EXPENSES: DEPT 51								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
03-51-56101	Regular Salaries	$756,377	$632,744	$627,215	$640,211	2%	$681,883	7%
03-51-56103	Overtime & Comp Time	$6,212	$8,093	$5,641	$21,779	286%	$23,493	8%
03-51-56501	Employer's Share SSI	$43,939	$38,557	$43,082	$43,084	0%	$44,449	3%
03-51-56502	Employer's Share Medicare	$11,489	$9,925	$10,076	$10,196	1%	$10,395	2%
03-51-56503	Medical Insurance	$102,614	$98,986	$111,394	$115,256	3%	$126,782	10%
03-51-56504	Dental Insurance	$11,585	$8,968	$11,408	$8,993	-21%	$9,892	10%
03-51-56505	Vision Insurance	$1,706	$1,659	$2,100	$1,645	-22%	$1,810	10%
03-51-56506	Life, S/T, L/T Disability Ins.	$7,580	$6,361	$8,255	$8,381	2%	$8,640	3%
03-51-56507	Retirement-CalPERS	$56,496	$39,275	$50,558	$50,861	1%	$53,915	6%
03-51-56512	Tuition Reimbursement	$974	$6,439	$13,000	$10,500	-19%	$10,500	0%
03-51-56515	Worker's Comp. Insurance	$5,432	$3,035	$5,207	$5,100	-2%	$5,366	5%
03-51-56516	State Unemployment Insurance	$1,427	$1,729	$1,105	$882	-20%	$966	10%
03-51-56519	Paid Time Off Accrual		$62,383	$72,298	$76,445	6%	$77,647	2%
03-51-56520	Deferred Compensation	$19,255	$16,115	$25,740	$34,320	33%	$34,320	0%
GROSS PAYROLL EXPENSES		$1,025,087	$934,269	$987,079	$1,027,652	4%	$1,090,057	6%
LESS: CAPITALIZED LABOR					($122,000)	4%	($100,000)	
TOTAL PAYROLL EXPENSES		$1,025,087	$934,269	$987,079	$905,652	-8%	$990,057	9%
03-51-69000	Postage	$35,736	$17,732	$20,000	$9,000	-55%	$9,360	4%
03-51-70000	Professional Services	$13,499	$52,731	$15,000	$15,000	0%	$15,600	4%
03-51-70100	Annual Audit Service	$39,940	$21,620	$45,000	$47,500	6%	$49,400	4%
03-51-70300	Legal Services		$48,921			0%		0%
03-51-70400	Bank Service Fees	$16,155	$45,201	$45,000	$55,000	22%	$57,200	4%
03-51-72000	Supplies & Services	$1,975	$7,496	$1,000	$1,500	50%	$1,560	4%
03-51-72400	Dues & Subscriptions	$1,578	$864	$2,000	$1,000	-50%	$1,040	4%
03-51-72700	Printing & Reproductions			$1,500	$2,000	33%	$2,080	4%
03-51-75300	Travel/Conferences/Training	$7,992	$3,769	$8,000	$10,000	25%	$10,400	4%
TOTAL OPERATING EXPENSES		$113,874	$198,334	$137,500	$141,000	3%	$146,640	4%
TOTAL FINANCE EXPENSES		**$1,138,961**	**$1,132,603**	**$1,124,579**	**$1,046,652**	**-7%**	**$1,136,697**	**9%**

Customer Service Expenses

CUSTOMER SERVICE EXPENSES: DEPT 52								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
03-52-56101	Regular Salaries	$272,767	$341,680	$434,529	$475,600	9%	$509,098	7%
03-52-56103	Overtime & Comp Time	$1,022	$2,103	$2,796	$3,476	24%	$3,718	7%
03-52-56501	Employer's Share SSI	$17,034	$27,519	$29,703	$31,809	7%	$34,063	7%
03-52-56502	Employer's Share Medicare	$3,984	$6,436	$6,947	$7,439	7%	$7,966	7%
03-52-56503	Medical Insurance	$54,297	$83,265	$109,247	$136,731	25%	$150,404	7%
03-52-56504	Dental Insurance	$4,630	$7,983	$9,977	$11,823	19%	$13,005	10%
03-52-56505	Vision Insurance	$1,090	$1,807	$2,100	$1,577	-25%	$1,734	10%
03-52-56506	Life, S/T, L/T Disability Ins.	$4,284	$4,947	$5,746	$6,440	12%	$6,718	4%
03-52-56507	Retirement-CalPERS	$20,595	$33,011	$35,938	$39,579	10%	$42,290	7%
03-52-56512	Tuition Reimbursement			$3,000	$2,500	-17%	$2,500	0%
03-52-56515	Worker's Comp. Insurance	$1,375	$2,004	$2,207	$1,844	-16%	$1,976	7%
03-52-56516	State Unemployment Insurance	$963	$964	$1,105	$845	-24%	$926	10%
03-52-56519	Paid Time Off Accrual		$53,164	$50,201	$54,412	8%	$58,256	7%
03-52-56520	Deferred Compensation	$3,750	$7,650	$16,900	$32,890	95%	$32,890	0%
TOTAL PAYROLL EXPENSES		**$385,790**	**$572,442**	**$710,396**	**$806,966**	**14%**	**$865,544**	**7%**
03-52-69000	Postage		$31,928	$30,000	$35,000	17%	$36,400	4%
03-52-70000	Professional Services	$1,838	$6,174	$5,000	$6,500	30%	$6,760	4%
03-52-70300	Legal Services		$1,080	$2,000		-100%		0%
03-52-72000	Supplies & Services	$133,637	$154,316	$140,000	$155,000	11%	$161,200	4%
03-52-72700	Printing & Reproductions			$200		-100%		0%
03-52-75300	Travel/Conferences/Training	$35		$2,000	$1,500	-25%	$1,560	4%
TOTAL OPERATING EXPENSES		**$135,509**	**$193,498**	**$179,200**	**$198,000**	**10%**	**$205,920**	**4%**
TOTAL CUSTOMER SERVICE EXPENSES		**$521,300**	**$765,940**	**$889,896**	**$1,004,966**	**13%**	**$1,071,464**	**7%**

Engineering Expenses

ENGINEERING EXPENSES: DEPT 91								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
03-91-56101	Regular Salaries	$742,376	$403,450	$677,144	$846,919	25%	$894,418	6%
03-91-56103	Overtime & Comp Time	$8,793	$4,127	$10,026	$15,714	57%	$16,557	5%
03-91-56501	Employer's Share SSI	$47,111	$26,684	$43,635	$54,219	24%	$55,170	2%
03-91-56502	Employer's Share Medicare	$11,460	$6,576	$10,918	$13,207	21%	$13,838	5%
03-91-56503	Medical Insurance	$104,490	$70,660	$105,869	$113,229	7%	$124,552	10%
03-91-56504	Dental Insurance	$8,487	$6,147	$9,268	$9,374	1%	$10,312	10%
03-91-56505	Vision Insurance	$1,550	$1,129	$1,750	$1,508	-14%	$1,659	10%
03-91-56506	Life, S/T, L/T Disability Ins.	$8,197	$4,836	$8,354	$10,534	26%	$10,674	1%
03-91-56507	Retirement-CalPERS	$88,820	$54,229	$87,837	$103,952	18%	$109,575	5%
03-91-56512	Tuition Reimbursement	$1,421	$130	$3,000	$6,500	117%	$1,250	-81%
03-91-56515	Worker's Comp. Insurance	$6,756	$2,585	$6,510	$6,175	-5%	$6,337	3%
03-91-56516	State Unemployment Ins..	$1,127	$731	$921	$809	-12%	$886	10%
03-91-56519	Paid Time Off Accrual		$82,104	$84,618	$108,497	28%	$113,796	5%
03-91-56520	Deferred Compensation	$11,735	$11,161	$18,460	$31,070	68%	$31,980	3%
GROSS PAYROLL EXPENSES		$1,042,324	$674,547	$1,068,310	$1,321,707	24%	$1,391,003	5%
LESS: CAPITALIZED LABOR				($258,726)	($447,246)	73%	($469,907)	5%
TOTAL PAYROLL EXPENSES		$1,042,324	$674,547	$809,584	$874,461	8%	$921,096	5%
03-91-63200	Equipment			$20,000	$1,500	-93%	$1,560	4%
03-91-70000	Professional Services	$219,025	$63,591	$100,000	$75,000	-25%	$78,000	4%
03-91-70300	Legal Expenses	$113,057	$81,852	$25,000	$20,000	-20%	$20,800	4%
03-91-72000	Supplies & Services	$130,162	$45,914	$6,500	$56,000	762%	$58,240	4%
03-91-72200	Books & Resources				$1,000	100%	$1,040	4%
03-91-72400	Dues & Subscriptions	$10,925	$5,433	$5,000	$8,000	60%	$8,320	4%
03-91-73000	Public Notices & Advertising			$1,000		-100%		0%
03-91-75300	Travel/Conferences/Training	$2,870	$9,111	$12,000	$15,000	25%	$15,600	4%
TOTAL OPERATING EXPENSES		$476,039	$205,902	$169,500	$176,500	4%	$183,560	4%
TOTAL ENGINEERING EXPENSES		$1,518,363	$880,449	$979,084	$1,050,961	7%	$1,104,656	5%

IT Expenses

INFORMATION TECHNOLOGY EXPENSES: DEPT 44								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
03-44-56101	Regular Salaries	$495,374	$476,747	$563,310	$634,980	13%	$690,731	9%
03-44-56103	Overtime & Comp Time	$3,101	$3,074	$3,650	$6,324	73%	$6,862	9%
03-44-56501	Employer's Share SSI	$32,547	$37,129	$36,067	$39,509	10%	$41,580	5%
03-44-56502	Employer's Share Medicare	$8,201	$9,325	$9,043	$9,856	9%	$9,724	-1%
03-44-56503	Medical Insurance	$55,219	$68,677	$67,429	$84,907	26%	$93,398	10%
03-44-56504	Dental Insurance	$5,340	$6,057	$5,697	$6,740	18%	$7,414	10%
03-44-56505	Vision Insurance	$1,062	$1,310	$1,400	$1,371	-2%	$1,508	10%
03-44-56506	Life, S/T, L/T Disability Insurance	$5,698	$6,181	$6,940	$7,925	14%	$8,287	5%
03-44-56507	Retirement-CalPERS	$53,872	$51,646	$46,755	$47,747	2%	$51,802	8%
03-44-56512	Tuition Reimbursement	$10,932	$11,570	$11,500	$7,750	-33%	$7,750	0%
03-44-56515	Worker's Comp. Insurance	$8,386	$7,904	$7,836	$6,114	-22%	$6,401	5%
03-44-56516	State Unemployment Insurance	$644	$1,099	$921	$735	-20%	$805	10%
01-34-56518	Standby Pay	$418				0%		0%
03-44-56519	Paid Time Off Accrual		$78,279	$70,631	$77,730	10%	$75,390	-3%
03-44-56520	Deferred Compensation	$7,150	$7,450	$15,470	$28,470	84%	$28,470	0%
GROSS PAYROLL EXPENSES		$687,944	$766,447	$846,712	$960,157	13%	$1,030,121	7%
LESS: CAPITALIZED LABOR				($98,649)	($97,309	-1%	($104,558)	7%
TOTAL PAYROLL EXPENSES		$687,944	$766,447	$748,063	$862,848	15%	$925,563	7%
03-44-60000	Electronics	$28,402	$12,156	$25,000	$25,000	0%	$26,000	4%
03-44-60100	Computers	$71,930	$50,766	$107,300	$99,800	-7%	$103,792	4%
03-44-70000	Professional Services	$10,585	$15,950	$30,000	$38,000	27%	$39,520	4%
03-44-72000	Supplies & Services	$42,401	$56,689	$89,000	$119,000	34%	$123,760	4%
03-44-72400	Dues & Subscriptions	$570,010	$449,113	$552,410	$582,805	6%	$606,117	4%
03-44-73000	Small Tools & Equipment	$4,193	$2,129	$18,000	$19,000	6%	$19,760	4%
03-44-75300	Travel/Conferences/Training		$2,379	$10,750	$7,500	-30%	$7,800	4%
TOTAL OPERATING EXPENSES		$727,521	$589,182	$832,460	$891,105	7%	$926,749	4%
TOTAL IT EXPENSES		**$1,415,465**	**$1,355,629**	**$1,580,523**	**$1,753,953**	**11%**	**$1,852,312**	**6%**

Garage Expenses

GARAGE EXPENSES: DEPT 36								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
03-36-56101	Regular Salaries	$118,032	$114,125	$133,562	$126,688	-5%	$136,100	7%
03-36-56103	Overtime & Comp Time	$17,282	$21,137	$24,886	$29,138	17%	$31,016	6%
03-36-56501	Employer's Share SSI	$8,033	$9,294	$10,687	$10,137	-5%	$10,857	7%
03-36-56502	Employer's Share Medicare	$1,879	$2,174	$2,499	$2,371	-5%	$2,539	7%
03-36-56503	Medical Insurance	$20,776	$$22,193	$23,407	$25,720	10%	$28,292	10%
03-36-56504	Dental Insurance	$2,004	$2,069	$2,140	$2,253	5%	$2,478	10%
03-36-56505	Vision Insurance	$266	$308	$350	$274	-22%	$302	10%
03-36-56506	Life, S/T, L/T Disability Ins.	$1,172	$1,329	$1,749	$1,701	-3%	$1,770	4%
03-36-56507	Retirement-CalPERS	$14,836	$17,091	$16,516	$18,683	13%	$19,887	6%
03-36-56515	Worker's Comp. Insurance	$3,233	$3,597	$3,982	$2,960	-26%	$3,151	6%
03-36-56516	State Unemployment Insurance	$188	$161	$368	$147	-60%	$161	10%
03-36-56519	Paid Time Off Accrual		$15,338	$17,516	$17,738	1%	$18,880	6%
03-36-56520	Deferred Compensation	$2,600	$2,600	$3,510	$2,600	-26%	$2,600	0%
GROSS PAYROLL EXPENSES		$190,301	$211,416	$241,172	$240,409	0%	$258,032	7%
LESS: CAPITALIZED LABOR				($5,852)				
TOTAL PAYROLL EXPENSES		$190,301	$211,416	$235,320	$240,409	2%	$258,032	7%
03-36-60000	Equipment	$5,737	$13,346	$6,000	$6,500	8%	$6,760	4%
03-36-63100	Equipment Maintenance	$80,717	$42,294	$46,000	$80,000	74%	$83,200	4%
03-36-63421	Fuel & Oil	$171,683	$151,862	$180,000	$200,000	11%	$208,000	4%
03-36-63422	Repair, Supplies, Auto	$54,441	$71,000	$91,000	$91,000	0%	$94,640	4%
03-36-72000	Supplies & Services	$129,269	$161,231	$138,000	$160,000	16%	$166,400	4%
03-36-72150	Regulatory Permits			$1,500		-100%		0%
03-36-72400	Dues & Subscriptions		$8,719			0%		0%
03-36-73000	Small Tools & Equipment	$6,303	$8,397	$7,000	$7,000	0%	$7,280	0%
03-36-75300	Travel/Conferences/Training				$2,000	100%	$2,080	4%
TOTAL MAINT/SUPPLY EXPENSES		$451,150	$456,849	$469,500	$546,500	16%	$568,360	4%
TOTAL GARAGE EXPENSES		**$641,451**	**$668,265**	**$704,820**	**$786,909**	**12%**	**$826,392**	**5%**



Board of Directors Expenses

BOARD OF DIRECTORS EXPENSES: DEPT 20								
GL Account	Description	FY 24 Actuals	FY 25 Actuals	FY 26 Budget	FY 27 Budget	FY 26/27 % Change	FY 28 Budget	FY 27/28 % Change
03-20-56202	Board Member Expenses	$19,350	$21,800	$26,500	$44,100	66%	$44,100	0%
03-20-56501	Employer's Share SSI	$1,153	$1,398	$1,250	$2,734	119%	$2,734	0%
03-20-56502	Employer's Share Medicare	$270	$327	$350	$828	137%	828	0%
03-20-56515	Worker's Comp Insurance	$95	$104	$100	$200	100%	$200	0%
TOTAL PAYROLL EXPENSES		$20,868	$23,629	$28,200	$47,862	70%	$47,862	0%
03-20-70300	Legal Services				$5,000	100$	$5,200	4%
03-20-72000	Supplies & Services		$27	$100	$250	150%	$260	4%
03-20-72400	Dues & Subscriptions		$949	$1,825		-100%		0%
03-20-75300	Travel/Conferences/Training	$29,034	$20,063	$30,000	$30,000	10%	$31,200	4%
TOTAL SUPPLIES EXPENSES		$29,034	$21,039	$31,925	$35,250	38%	$36,660	2%
TOTAL BOARD EXPENSES		$49,902	$44,668	$60,125	$83,112	38%	$84,522	2%

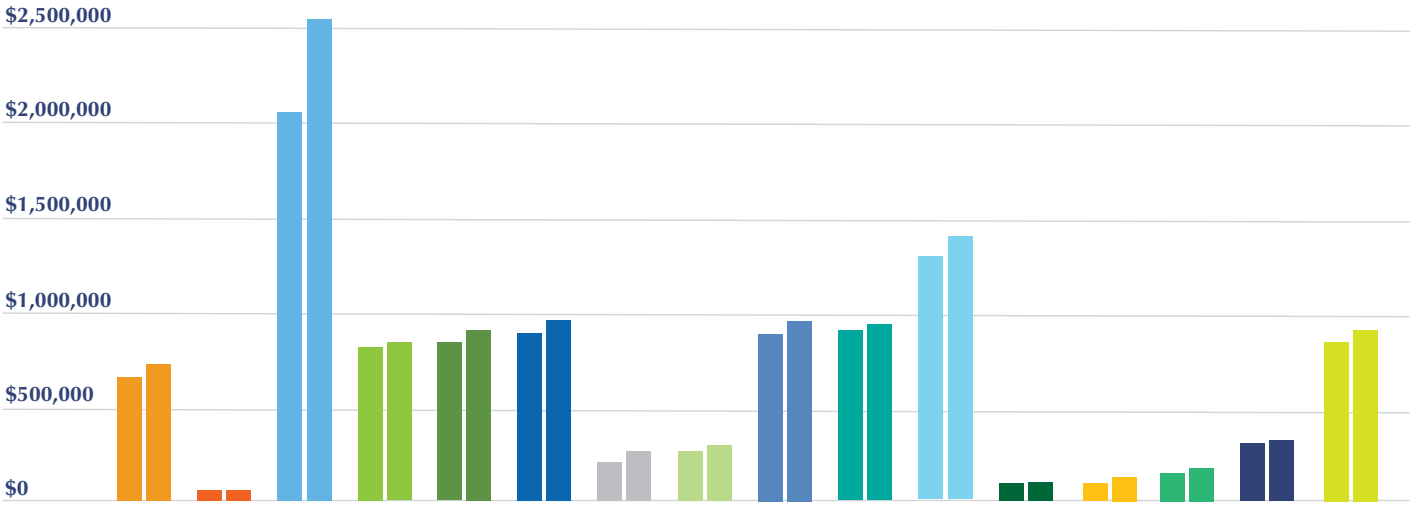


Operating Funds Summary

NET OPERATING INCOME					
Description	**FY 24 Actuals**	**FY 25 Actuals**	**FY 26 Budget**	**FY 27 Budget**	**FY 28 Budget**
WATER OPERATING FUND					
Water Revenues	$43,117,140	$53,151,613	$49,440,217	$49,273,353	$50,826,503
Water Expenses	$38,923,549	$37,831,683	$35,797,046	$36,474,611	$37,722,195
WATER FUND NET INCOME	**$4,193,591**	**$15,319,930**	**$13,643,171**	**$12,798,745**	**$13,104,309**
WASTEWATER OPERATING FUND					
Wastewater Revenues	$4,770,964	$5,581,798	$6,019,288	$7,357,534	$8,586,337
Wastewater Expenses	$4,628,063	$4,596,894	$4,647,183	$5,249,567	$5,757,847
WASTEWATER FUND NET INCOME	**$142,901**	**$984,903**	**$1,372,105**	**$2,107,967**	**$2,828,490**
GENERAL OPERATING FUND					
General Revenues	$10,694,293	$8,467,788	$10,128,058	$10,234,023	$10,780,811
General Expenses	$10,694,293	$8,467,788	$10,128,058	$10,234,023	$10,780,811
GENERAL FUND NET INCOME					

Labor Trend

Labor Cost by Cost Center: FY 2027 & FY 2028 Adopted

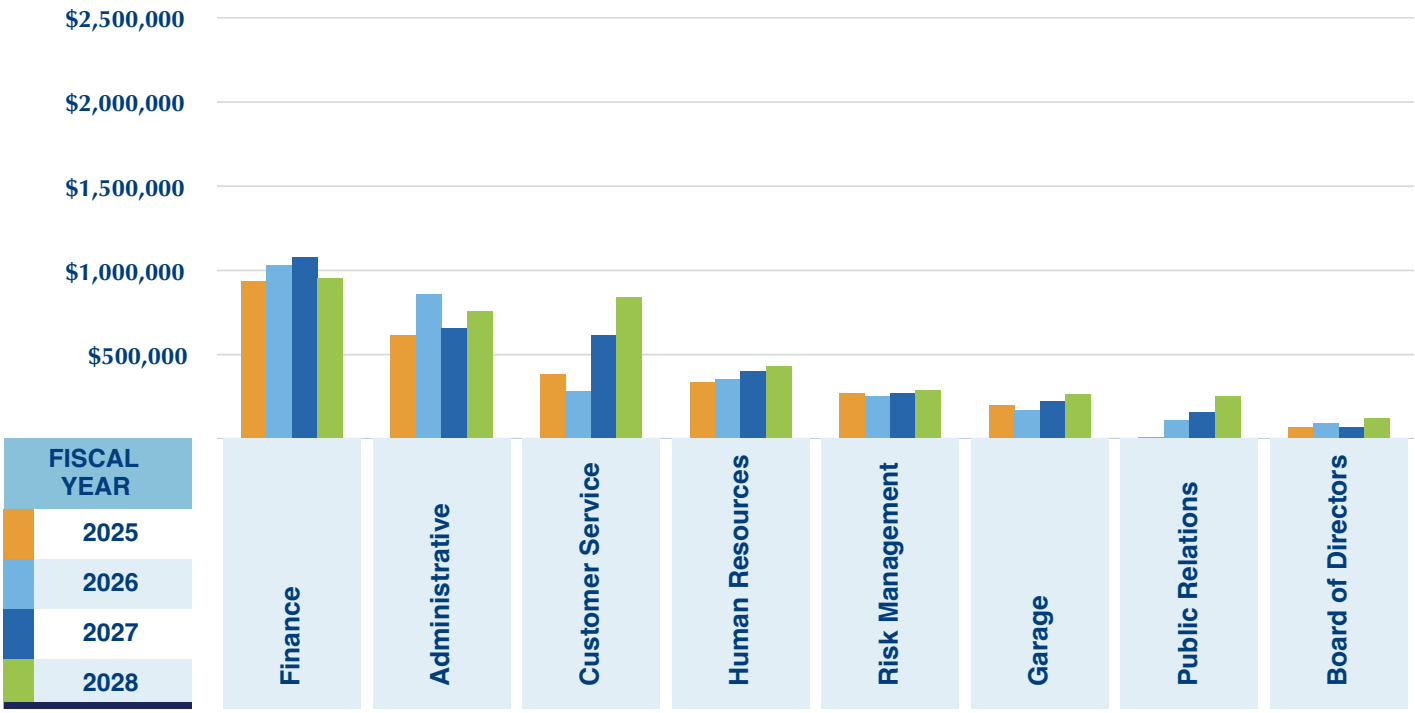


Department	FY 2027	FY 2028
Administrative	$699,489	$736,643
Board of Directors	$47,862	$47,862
Construction ♦	$2,195,156	$2,517,535
Customer Service	$806,953	$865,544
Engineering	$874,965	$921,095
Finance	$905,652	$990,057
Garage	$240,409	$258,032
Human Resources	$449,660	$466,852

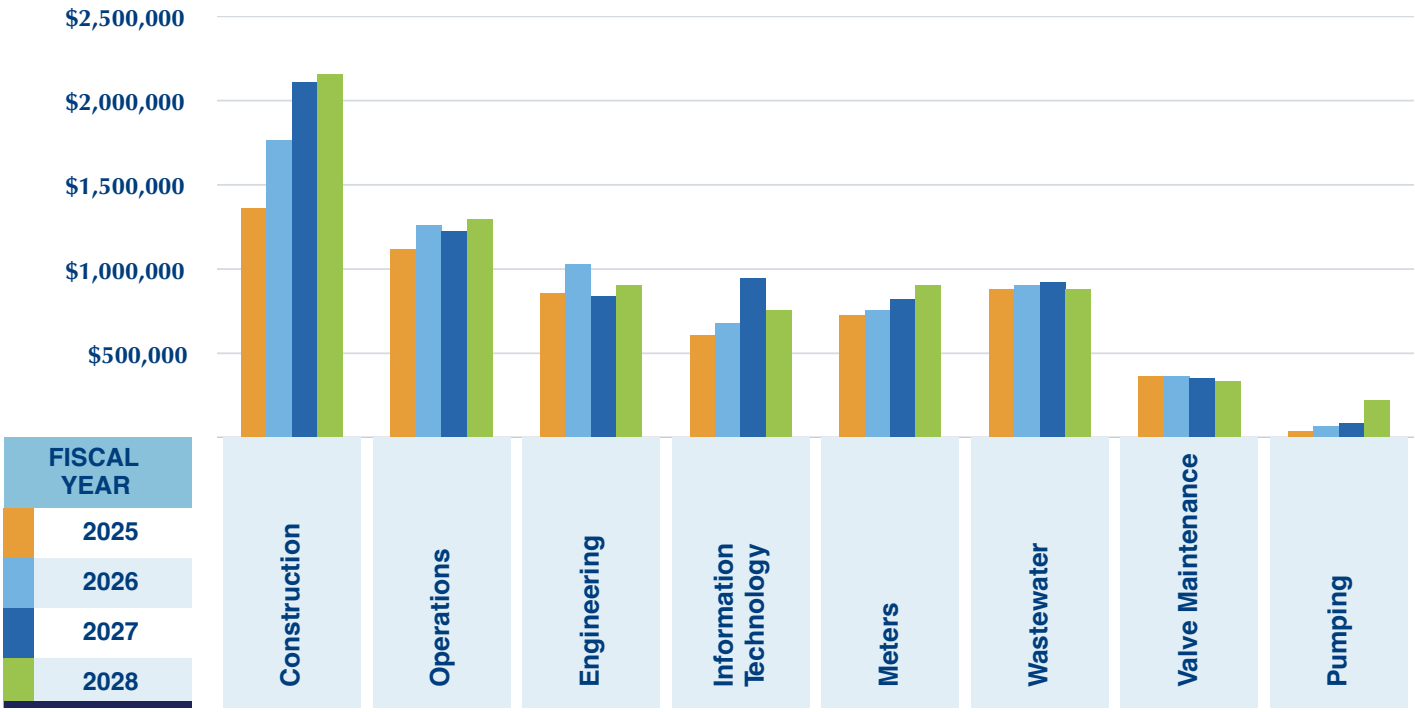
Department	FY 2027	FY 2028
Info Technology	$862,848	$925,563
Meters	$953,942	$969,141
Operations	$1,366,215	$1,438,023
Pumping	$181,857	$192,900
Public Relations	$189,165	$202,031
Risk Management	$227,227	$239,679
Valve	$338,640	$357,913
Wastewater	$893,990	$943,703

♦ Change driven by the creation of a CIP Construction division

Labor Cost Four Years: Administration and Support



Labor Cost Four Years: Operations and Technical Services ♦



♦ For additional details reference staffing changes on page 44.

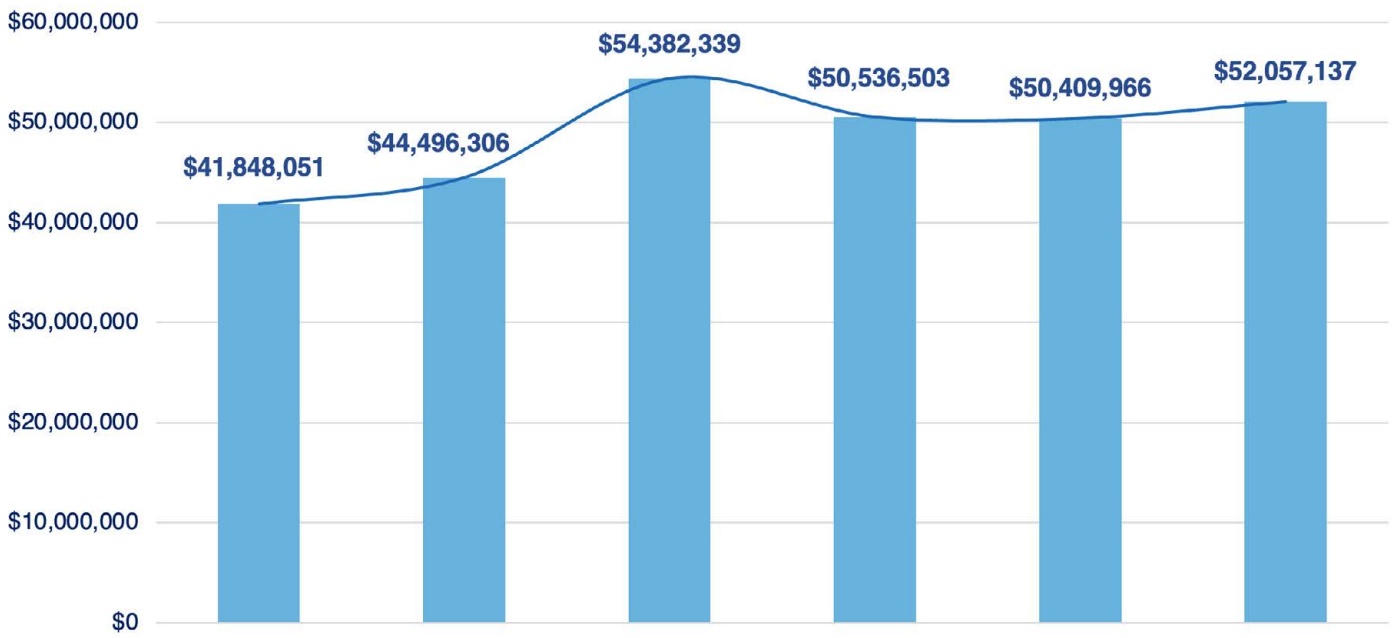


Skinner Treatment Plant, Temecula

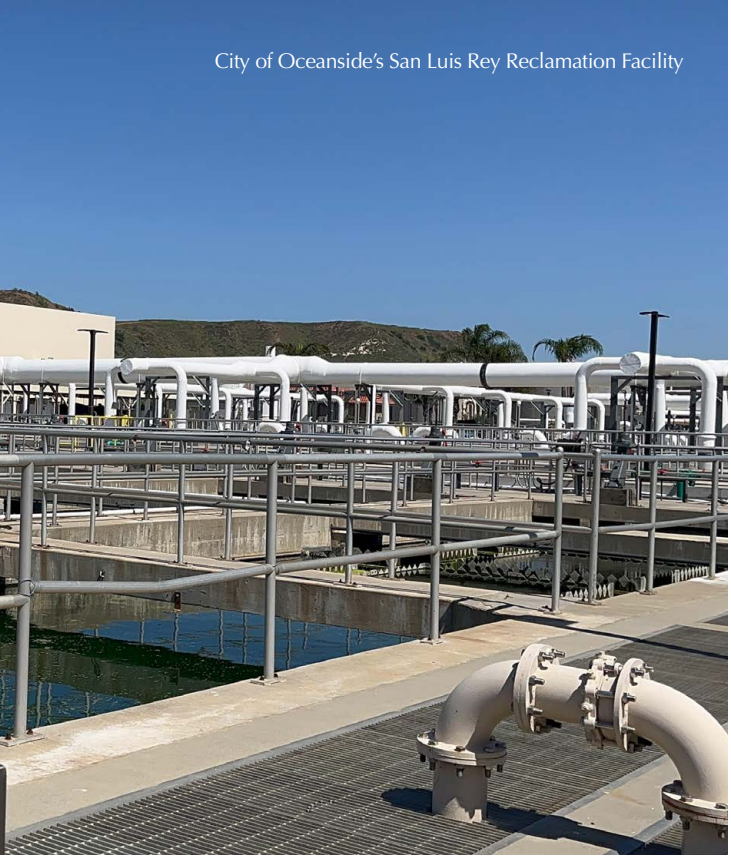


Revenue Trend

Six-Year Water Fund Revenue Trend



Description	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Budget	FY 2026 Budget	FY 2027 Budget	FY 2028 Budget
Revenue Trend	$41,848,051	$44,496,306	$54,382,339	$50,536,503	$50,409,966	$52,057,137

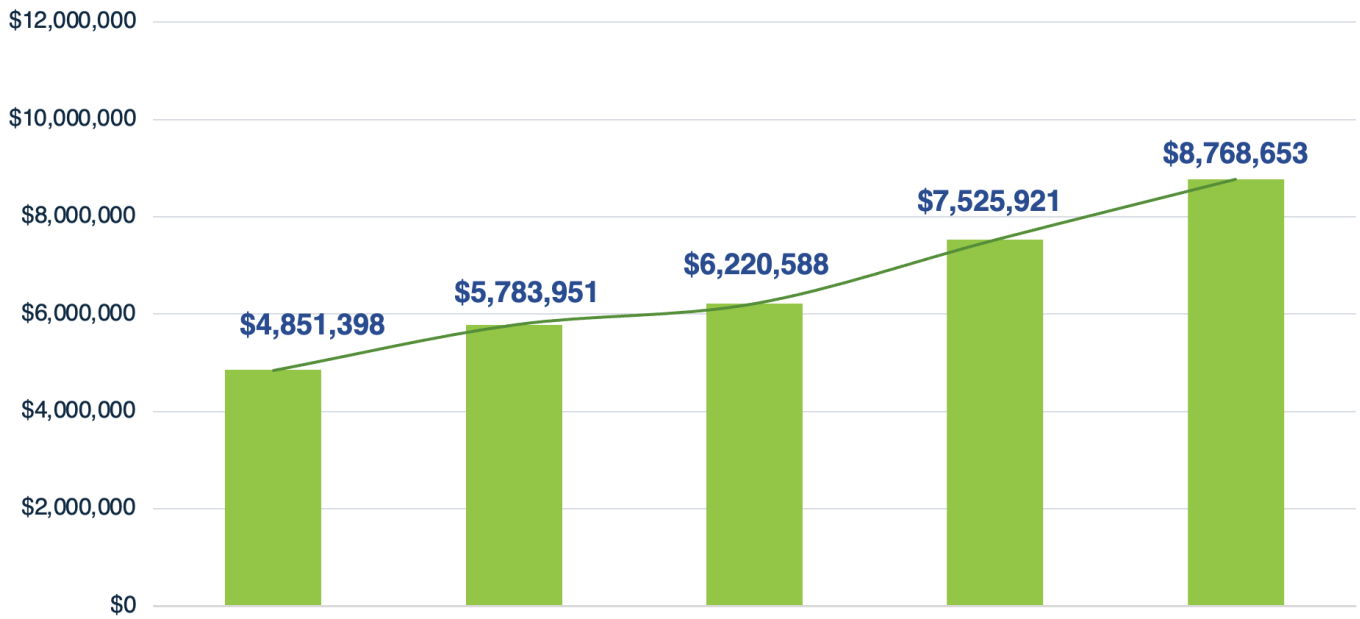


City of Oceanside's San Luis Rey Reclamation Facility



Student Field Trip to San Luis Rey Reclamation Facility

Six-Year Wastewater Fund Revenue Trend



Description	FY 2024 Actuals	FY 2025 Budget	FY 2026 Budget	FY 2027 Budget	FY 2028 Budget
Revenue Trend	$4,851,398	$5,783,951	$6,220,588	$7,525,921	$8,768,653



CAPITAL BUDGET

Capital Projects Overview

The Capital Improvement Plan (CIP) identifies facilities or programs, which are recommended for a variety of reasons, primarily to provide the District's customers with a system that meets the District's capacity criteria, is in good condition, and can be operated efficiently and reliably. Should demands and flows forecast to develop during the planning horizon not materialize, there may be opportunities to defer or eliminate some projects. Contrarily, some projects are needed immediately. Each CIP undergoes an in-depth analysis, and Staff ranks the projects to determine which projects are the highest priority and thus are placed earlier in the five-year CIP Plan. Projects receiving a lower ranking are typically placed further out into the five-year plan. However, the proposed cost of a project can also cause it to be pushed back or advanced forward, regardless of its ranking among the other projects. In these instances, Staff may determine that multiple smaller projects would be of more benefit than constructing one large project of the same value as the smaller ones combined. All projects shown in the five-year CIP Plan are reviewed during the Mid-year budget adjustment and before the beginning of each Fiscal Year.

Due to ongoing development and shifting demands—including recent housing growth and the long-term decline of agriculture—an update to the District's Water and Wastewater Master Plan was completed in FY 2026.

The recommended projects are largely the result of the hydraulic analysis completed. Projects identified fell into various improvement categories including hydraulic capacity, pressure regulation, operations, redundancy and reliability, and fire flow capacity. The water system CIP consists of 38 water and wastewater projects that are listed in the tables on the following page. Additional detail regarding the nature of the various recommendation categories follows below:

Hydraulic Capacity: Consists primarily of pipeline upsizing to correct deficiencies in capacity caused by excessive velocity and head loss under peak demand conditions. Pump stations and storage reservoirs were also reviewed for appropriate capacity.

Pressure Regulation: Recommend potential reduced pressure service zones by constructing pressure reducing stations to protect pipelines, laterals, and appurtenances.

Operations, Redundancy and Reliability: Includes a diverse set of construction, implementation, maintenance, and assessment projects to add and improve emergency supplies, increase the system, and supply reliability for vulnerable or future service areas, improve operating efficiencies, upgrade and/or replace facilities that don't meet current standards and assist with strategic planning and replacement of critical facilities.

Fire Flows: Upsizing of small diameter pipelines to increase fire flows at critically deficient areas.

Water Supply: Consists of projects for construction of facilities to deliver new water supplies under normal or emergency conditions.

The total estimated cost of the water CIP, based on planning-level costs estimates, is $41.8 over the next five years.

Project cost estimates shall be retained, updated by observed inflation on an annual basis and replaced with more detailed and accurate cost estimates as they become available.

In Fiscal Year 2018, the District completed an update of the District-wide water and wastewater capacity fees to help fund expansion projects. The District's water and wastewater rates paid by existing customers will be used to fund replacement, rehabilitation, and improvement projects.

Five-Year Water CIP Plan

WATER CAPITAL PROJECT BUDGETS		YEAR 1 Planned Budget	YEAR 2 Planned Budget	YEAR 3 Planned Budget	YEAR 4 Planned Budget	YEAR 5 Planned Budget
Project #	Project Name	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
Pipelines/Valves						
600009	Isolation Valve Replacement Program	$500,000	$500,000	$800,000	$800,000	$1,000,000
600043	Eagles Perch Water Pipeline Improvements	$1,920,000				
600045	Gopher Canyon Water Pipeline Improvements	$250,000	$2,410,000			
600051	North Feeder & Rainbow Hills Water Line Replacements					$150,000
600061	Rice Canyon Road Water Main Replacement			$2,000,000		
600066	Thibidio Water Main Replacement/ Rehabilitation			$150,000	$700,000	
600067	Pala Mesa Fairways 383 A & C Pipeline Replacement		$250,000	$3,000,000		
600068	Sarah Ann Community Pipeline Replacement (Concurrent w WW PN: 530018)			$200,000	$4,000,000	
600075	Emerald Hill Pipeline Replacement (Roy Line Ext)				$150,000	$2,000,000
600130	Rainbow Glen Pipeline Project (in-house 1,100 LF)	$250,000				
600131	Integrity Court Pipeline Project (in-house 800 LF)	$200,000				
Pump Stations						
600040	Vallecitos Pump Station Replacement			$2,000,000		
600050	Lookout Mountain Pump Station (Enclosure & New Emergency Generator)	$500,000	$2,750,000			
600084	Morro Pump Station Rehabilitation				$300,000	$1,500,000
600094	Wild Acres Pump Station (Formerly Gopher Pump Station)	$2,250,000				
600126	Gomez Pump Station Electrical Upgrades	$250,000		$2,500,000		
600133	Morro Hills Pump Station: VFD	$80,000				
Tanks & Reservoirs						
600119	Rainbow Heights Tank Water Quality Upgrades	$125,000				
600121	Vallecitos Tank Interior/Exterior Coating (400K Gallons)		$200,000			
600122	Canonita Tank Interior/Exterior Coating (6M Gallons)	$400,000				
600123	Gomez Tank Interior/Exterior Coating (3M Gallons)		$350,000			
600124	Rice Canyon Tank Interior/Exterior Coating (4M Gallons)	$375,000				
600127	Replace Liners and Floating Covers at Morro, Rainbow Hills, & North Reservoir (planning/design)		$250,000			
600132	Magee Tank Water Quality Upgrades	$125,000				

Five-Year Water CIP Plan Continued

WATER CAPITAL PROJECT BUDGETS		YEAR 1 Planned Budget	YEAR 2 Planned Budget	YEAR 3 Planned Budget	YEAR 4 Planned Budget	YEAR 5 Planned Budget
Project #	Project Name	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
Operational/Efficiency Improvement (OEI)						
300034	Vehicle/Equipment Acquisition	$500,000	$500,000	$500,000	$500,000	$500,000
Operational/Efficiency Improvement (OEI)						
600125	SDCWA Connections 3, 6, 7,11, & 12 (Permanent Decommissioning)		$375,000	$375,000		
Regulatory						
30036	EV Charging Stations at HQ (Quantity TBD)	$50,000				
Miscellaneous Projects						
300008	District Headquarters Rehabilitation	$500,000	$500,000	$500,000	$500,000	$500,000
300037	Financial ERP System	$530,000				
600128	Gomez Heli-Hydrant			$300,000		
	TOTAL	**$8,805,000**	**$8,085,000**	**$12,325,000**	**$6,950,000**	**$5,650,000**

Five-Year Wastewater CIP Plan

WASTEWATER CAPITAL FUND PROJECT BUDGETS		YEAR 1 Planned Budget	YEAR 2 Planned Budget	YEAR 3 Planned Budget	YEAR 4 Planned Budget	YEAR 5 Planned Budget
Project #	Project Name	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
Replacement & Rehabilitation						
530018	Fallbrook Oaks FM, LS & MH Replacement (Concurrent w Sarah Ann PN: 600068)				$1,650,000	
530019	Valley Oaks/Pala Mesa CIPP and Manhole Rehabilitation	$1,100,000				
530023	Rancho Monserate, Rancho Viejo LS & HQ B-Plant Emergency Generators ★	$200,000				
530028	North River Road Sewer Replacement	$500,000		$12,000,000		
530029	LS-1 Rehabilitation/School House LS		$500,000	$7,000,000		
530030	Lake Garden CIPP & Manhole Rehab		$100,000	$1,000,000		
530031	Gopher Canyon/Little Gopher Canyon CIPP & Manhole Rehab					$2,000,000
530032	Convert Existing 15-inch Gravity Intercepter from LS1-LS2 with 21-inch Force Main			$200,000	$200,000	$3,000,000
530033	I-15 Crossing CIPP Lining		$1,000,000			
Replacement & Rehabilitation						
TBD	Equipment Acquisition	$160,000				
	TOTAL	**$1,960,000**	**$1,600,000**	**$20,200,000**	**$1,850,000**	**$5,00,000**

★ Grant Funded



Glossary

Accrual Basis of Accounting: The basis of accounting under which transactions are recognized when they occur, regardless of timing of cash receipts and disbursements.

Adopted Budget: The official budget as approved by the Board of Directors at the start of each fiscal year.

Amended Budget: The adopted budget as amended by the Board of Directors through the course of the fiscal year.

Balanced Budget: A budget in which planned expenditures do not exceed planned funds available.

Bond: A security whereby an issuer borrows money from an investor and agrees and promises, by written contract, to pay a fixed principal sum on a specified date (maturity date) and at a specified rate of interest.

Budget: A plan of financial operation comprised of estimated expenditures for a given period (usually a single fiscal year) and the proposed means of financing the expenditures (through revenues).

Capital Budget: A budget which focuses on capital projects to implement the Capital Improvement Program.

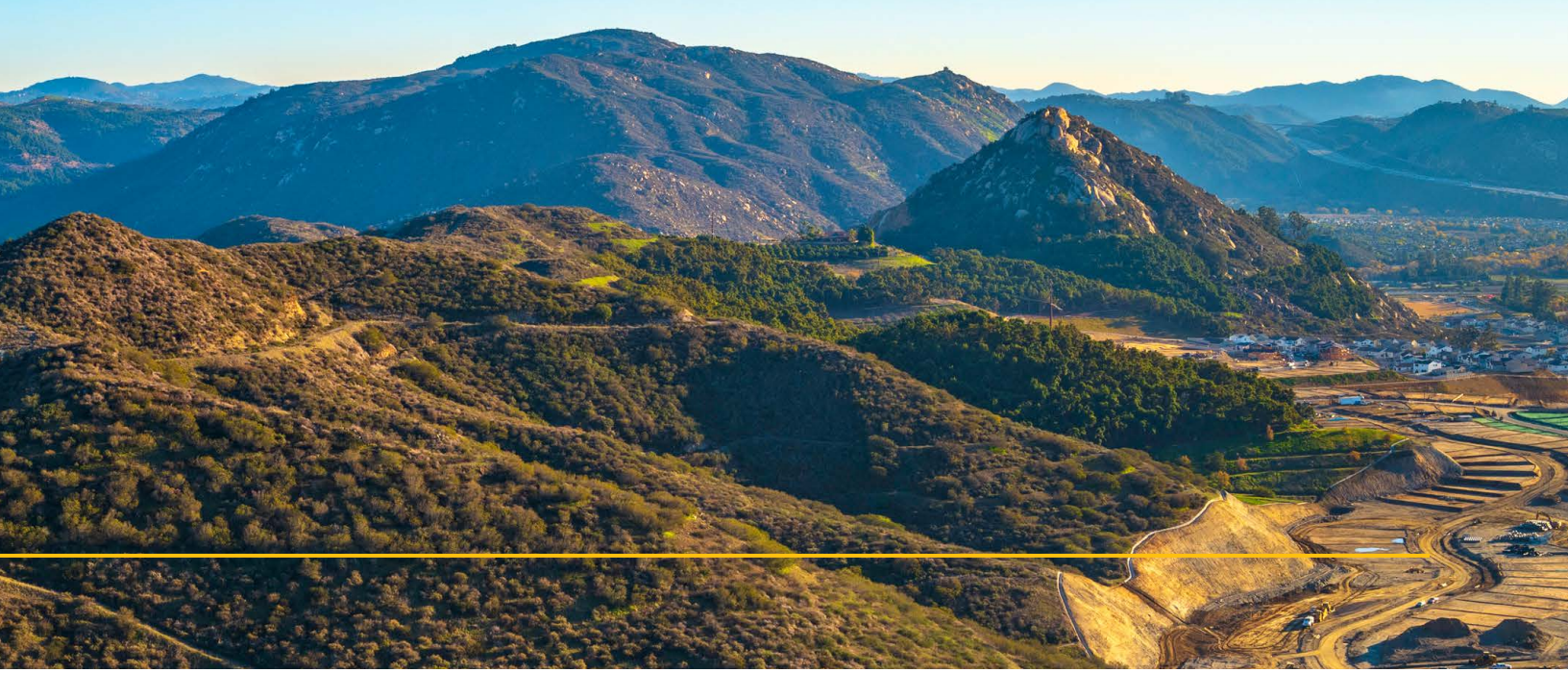
Capital Expense/Expenditure: An acquisition or an improvement (as distinguished from a repair) that will have a life of more than one year and costs more than $10,000.

Capital Improvement Program: A plan for the capital improvements to be implemented each year over a number of years to meet capital needs arising from the assessment of long-term needs. It sets forth the estimated cost for each project and specifies the resources required to finance the projected expenditures.

Capital Improvement Project: The budget unit to group activities and costs necessary to implement a specific capital improvement and/or acquisition. A project can include the construction, acquisition, expansion, replacement, or rehabilitation of a physical facility or improvement. Projects often include planning and design, land acquisition, and project management costs related to such facilities and improvements.

Department: A major organization group of the District with overall management responsibility for an operation or a group of related operations within a functional area.

Expenses: Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of regardless of the timing of related expenditures.



Fiscal Year: A 12-month period to which the annual operating budget applies and at the end of which an entity determines its financial position, the results of its operations, and adopts a budget for the coming year. The District's fiscal year is from July 1 to June 30.

Fixed Assets: Equipment costing $10,000 or more, including tax, with a useful life longer than one year, and not qualifying as a capital improvement project. Includes automotive equipment, office equipment, office furniture, acquisitions, landscaping improvements, etc.

Fund: An independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Fund Balance: The equity (assets minus liabilities) of governmental fund and fiduciary fund types.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards of and guidelines for financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures.

Government Finance Officers Association (GFOA): Founded in 1906, it is the premier association for public-sector finance professionals in the United States and Canada.

Governmental Accounting Standards Board (GASB): The independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments.

Payroll Expenses: Compensation paid to or on behalf of District employees for salaries and wages, overtime and benefits.

Revenue: Moneys that the District receives as income such as payments for water consumption, shared revenues and interest income.

About Rainbow Water

Founded in 1953, Rainbow Water treats and delivers water to over 9,056 water customers and 3,472 sewer customers within an 82-square mile service area. As a small government agency, Rainbow Water works tirelessly to maintain service 24 hours a day and 365 days per year.

Mission

To help our community grow and thrive by delivering exceptional and cost-effective water and wastewater services.

Vision

Cultivating customer confidence and community trust through responsive, efficient, and fiscally sustainable service.

Core Values

Integrity, Professionalism, Responsibility, Teamwork, and Innovation.




RAINBOW
SINCE 1953
MUNICIPAL WATER DISTRICT





RAINBOW
MUNICIPAL WATER DISTRICT

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