SANTA FE IRRIGATION DISTRICT
ADMINISTRATIVE AND FINANCE COMMITTEE

Santa Fe Irrigation District
5920 Linea del Cielo
Rancho Santa Fe, California 92067
Safety Center

TUESDAY, FEBRUARY 10, 2026
9:00 a.m.

Assistance for the disabled: The District meeting facility is accessible to persons using wheelchairs and others with disabilities. Agendas are available in large print. Materials in alternative formats and other accommodations will be made available upon request. Please make your request for alternative format or other accommodations, to the Board Secretary at 858-756-2424 or via email to cmcdowell@sfidwater.org. Providing at least 72 hours' notice prior to the meeting will help to ensure availability.

This meeting will be held at the above date, time, and location, and Committee members and members of the public may attend in person. Members of the public may also attend virtually. Additional details on in-person participation and virtual public participation are below. Please note that in the event of technical issues that disrupt the livestream of the meeting, the meeting will continue, unless otherwise required by law, such as when a Director is attending the meeting remotely pursuant to certain provisions of the Brown Act.

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+1 669 900 9128, +1 669 444 9171, +1 253 215 8782, +1 346 248 7799, +1 719 359 4580, +1 253 205 0468, +1 305 224 1968, +1 309 205 3325, +1 312 626 6799, +1 360 209 5623, +1 386 347 5053, +1 507 473 4847, +1 564 217 2000, +1 646 558 8656, +1 646 931 3860, +1 689 278 1000, +1 301 715 8592
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<u>Instructions for Members of the Public Who Wish to Address the Administrative and Finance Committee</u>: Individuals may address the Committee during Oral Communications (for items not appearing on the posted agenda which are within the subject matter jurisdiction of the District) and regarding items listed on the posted agenda during the deliberation of the agenda item, as follows:

A. <u>Instructions for Making Public Comment for Those Attending In-Person</u>:
Members of the public desiring to address the Committee in-person for either items appearing on the posted agenda or during Oral Communications (for items not appearing on the posted agenda which are within the subject matter jurisdiction of the District) are asked to complete a speaker's card, available at the table near the entrance and present it to the Board Secretary prior to the start of the meeting. Speakers are asked to state their name, address, and topic, and to observe a time limit of three (3) minutes each.

B. <u>Making Public Comment for Those Not Attending In-Person</u>:
Members of the public who wish to address the Committee under Oral Communications or on specific agenda items ***<u>who are not attending in person</u>*** may do so as instructed below:

1. To provide **<u>verbal comments during the meeting</u>**, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video conference by computer or mobile phone, use the "Raise Hand" feature. This will notify the Board Secretary that you wish to speak during Oral Communications or on a specific agenda item. If joining the meeting using the Zoom dial-in number, you can raise your hand by pressing *9. Speakers are asked to state their name, address, and topic, and to observe a time limit of three (3) minutes each.

2. You may send **<u>written comments</u>** to the Board Secretary for receipt ***<u>no later than 7:30 am on February 10, 2026</u>***, to be read during the appropriate portion of the meeting. Written comments must be limited to 300 words/ have a reading limit of 3 minutes for each comment and emailed to cmcdowell@sfidwater.org, mailed to the attention of Celina McDowell, Board Secretary, SFID, P. O. Box 409, Rancho Santa Fe, CA 92067, or physically deposited in the District's payment drop box located in the public parking lot at the District's Administrative Office at 5920 Linea del Cielo, Rancho Santa Fe, California 92067.

ROLL CALL - CALL MEETING TO ORDER

ITEMS TO BE ADDED TO THE AGENDA
(Government Code Section 54954.2)

ORAL COMMUNICATIONS ON ITEMS NOT APPEARING ON THE AGENDA
Opportunity for members of the public to address the Committee (Government Code Section 54954.3) Individuals may address the Committee regarding items not appearing on the posted agenda, which are within the subject matter jurisdiction of the Committee, at any time. Comments and inquiries pertaining to items listed on the agenda will be received during the deliberation of the agenda item. Speakers are asked to state their name, address, and topic, and to observe a time limit of three (3) minutes each. Members of the public desiring to address the Committee are asked to complete a speaker's card, available at the table near the entrance, and present it to the Board Secretary prior to the start of the meeting.

ACTION AND DISCUSSION ITEMS

1. Minutes from December 9, 2025, Administrative and Finance Committee Meeting (pages 4-7)

2. Directors' and General Manager's Expenses (pages 8-9)

3. Monthly Investment Transaction Report (pages 10-11)

4. Review and Discuss FY26 Mid-Year Budget Projections and Approve $157,000 in Total Appropriation Requests (pages 12-41)

5. Recommend the Board of Directors Approve a $2.4 Million Increase in the Designated Fund Balance of the Lake Hodges Fund (pages 42-44)

6. Review of San Diego County Water Agency Rate Comparison (pages 45-53)

7. Review and Discuss Future Agenda Items (pages 54-55)

REPORTS

8. Administrative Services Report (verbal)

9. Public Communications and Outreach Report (verbal)

10. General Manager's Report (verbal)

11. Committee Members' Comments (verbal)

INFORMATION ITEMS – None

CLOSED SESSION – None

ADJOURN

The next scheduled Administrative and Finance Committee meeting is on Tuesday, March 10, 2026, at 9:00 a.m.

MINUTES
ADMINISTRATIVE AND FINANCE COMMITTEE MEETING
Santa Fe Irrigation District

December 9, 2025
Santa Fe Irrigation District
5920 Linea del Cielo
Rancho Santa Fe, CA 92067

PRESENT: Chair Dana Friehauf, Vice President Sandra Johnson, Director of Administrative Services Seth Gates, Board Secretary Celina McDowell, Public Communications Officer Teresa Penunuri, and Management Analyst Mackenzie Christie were present. One member of the public is also present.

CALL MEETING TO ORDER

Chair Friehauf called the meeting to order at 9:02 a.m.

ITEMS TO BE ADDED TO THE AGENDA – None

ORAL COMMUNICATIONS – None

ACTION AND DISCUSSION ITEMS

1. Minutes from November 11, 2025, Administrative and Finance Committee Meeting

   The Committee approved of the minutes as presented.

2. Directors' and General Manager's Expenses

   The Committee reviewed and approved the expenses as submitted.

3. Monthly Investment Transaction Report

   DAS Gates presented an update on recent investment activity, noting that several maturing securities and CDs temporarily reduced reported cash balances due to funds in transit. Additional reporting details will be added next month to better highlight these timing differences.

   DAS Gates responded to questions from the Committee, which expressed appreciation for the clarification and noted that they look forward to the revised reporting format next month.

   The Committee reviewed and approved the report as submitted.

4. Leak Credit Policy Review and Discussion

Ms. Ruehle, a resident of Fairbanks Ranch, provided a comment regarding the equity, consistency and financial reality of leak credit policy.

DAS Gates presented the item utilizing a PowerPoint presentation and responded to questions from the Committee. DAS Gates provided an overview and more detailed information on the following items:

- Background
- Requirements for a Leak Credit
- Appeal of Ms. Ruehle
- Considerations

The Committee asked Staff to confirm if other District leak credit amounts have been changed since last surveyed in 2020.

The Committee expressed sincere empathy for Ms. Ruehle's situation. However, in the interest of fairness and consistency, recognizing that not all customers have pools and that pool leaks are generally noticeable, they must adhere to the established policy.

After discussion, the Committee recommended that the existing policy not be modified and directed staff to move the item for full Board consideration at their regular December meeting for discussion.

5. Recommend the Board of Directors Adopt Resolution No. 25-20, Revisions to District Engineering and Administrative Fees, and Establish Cost of Equipment Use

DAS Gates presented the item utilizing a PowerPoint presentation, providing background information, and responded to questions from the Committee. DAS Gates provided detailed information on the following items:

- Background
- Miscellaneous Fees
- Engineering Fees
- Cost of Equipment Use
- Late Fees/Delinquent Accounts

DAS Gates updated the Committee on the revisions made following General Counsel's review, noting that these changes will be presented at the upcoming Board meeting. DAS Gates also reported that the proposal for updated capacity fees is scheduled to be presented in the first quarter of 2026.

After discussion, the Committee concurred with the Staff's recommendation and directed Staff to move the item for full Board consideration at their regular December meeting for discussion.

Chair Friehauf called for a recess at 10:41 a.m. and reconvened at 10:46 a.m.

6. Permanent Special Agriculture Rate (PSAR) Update

   PCO Penunuri reported that the San Diego County Water Authority approved a new framework for the updated PSAR rate, with final pricing to be determined during next year's budget process. The SDCWA Board unanimously supported continuing the program due to its value in sustaining local agriculture and maintaining regional water demand. The District currently have 37 customers participating in the program, and staff will continue outreach efforts in promoting available rebate programs.

   After discussion, the Committee directed staff to move the item for full Board consideration at their regular December meeting for discussion.

7. Review and Discuss Future Agenda Items

   The Committee reviewed and approved the future agenda items as presented.

   Director Friehauf noted that she will be unavailable for the July 2026 Administrative and Finance Committee meeting and will need to cancel that meeting.

REPORTS

8. ADMINISTRATIVE SERVICES REPORT

   DAS Gates reported that the District received a $237,000 award for the SCADA upgrade and commended MA Christie and IT Manager Kogan for leading the application effort.

9. PUBLIC COMMUNICATIONS AND OUTREACH REPORT

   PCO Penunuri reported on the following items:

   - SFID and OMWD are coordinating a rain barrel workshop on January 24th, along with additional outreach activities.
   - Staff continue conducting rate-related outreach through HOA newsletters in advance of the January billing cycle.

- Planning is underway for a community workshop on upcoming upgrades at the Larrick Reservoir.
- Ongoing community outreach is being conducted for capital improvement projects in the Sun Valley area and for the solar project.

10. GENERAL MANAGER'S REPORT

    GM Lau wished everyone Happy Holidays.

11. COMMITTEE MEMBERS' COMMENTS

    None

INFORMATION ITEMS

None

CLOSED SESSION

None

ADJOURN

Chair Friehauf adjourned the meeting at 11:02 a.m.

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Dana Friehauf, Chair

Santa Fe Irrigation District
Board of Directors Expenses
Paid During the Month of January 2026 and Fiscal Year-to-Date

	Paid During the Month						Compensated Days of Service[1]				
							Paid During the Month				
	Per Diem Payments	Mileage & Parking	Travel & Meetings	Healthcare & Other Benefits	Total	For July 1st to Present	Board[2]	Committee	Other[5]	Total	For July 1st to Present
Friehauf [4]	0.00	20.70	0.00	0.00	20.70	3,753.49	0	0	0	0	19
Hogan	0.00	26.62	0.00	0.00	26.62	3,504.62	0	0	0	0	19
Johnson	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0
Magnaghi	0.00	0.00	0.00	0.00 [3]	0.00	0.00	0	0	0	0	0
Menshek	0.00	0.00	0.00	0.00	0.00	2,978.00	0	0	0	0	16
Westphal	0.00	160.60	0.00	0.00	160.60	4,360.60	0	0	0	0	21
	$ 0.00	$ 207.92	$ 0.00	$ 0.00	$ 207.92	$ 14,596.71					

[1] Compensated days of service may represent multiple meetings per day.
[2] Includes Board of Directors Special Meetings
[3] Net of Director contribution toward expenditures
[4] Represents SFID at San Diego County Water Authority effective Dec. 2024, Hogan prior rep.
[5] Includes meetings for outside organiztions, trainings, and other regional water agencies, among others.

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Account Summary

Previous Balance	$0.00
Purchases and Other Charges	$703.94
Cash Advances	$0.00
Cash Advance Fees	$0.00
Late Payment Charges	$0.00
Credits	$0.00 CR
Payments	$0.00 PY
Total Activity	**$703.94**
Disputed Amount	$0.00

General Information

Total Activity $703.94

QUESTIONS OR TO REPORT A LOST OR STOLEN CARD, CALL CUSTOMER SERVICE: **1-800-344-5696**

New Activity

Post Date	Tran Date	Reference Number	Transaction Description	Amount
01-15	01-14	24137466014100221133276	TST* THE FISH MARKET - DE SOLANA BEACH CA	74.15
01-20	01-19	24115726019900011837095	ACWA EVENT REGISTRATION 916-4414545 CA	385.00
01-20	01-19	24431056020262760041213	SAN DIEGO UNION TRIB-SUB 800-533-8830 CA	14.00
01-21	01-19	24692166020108798623640	SOUTHWES 5262122824686 800-435-9792 TX FRIEHAUF/DANA DEPARTURE: 02-11-26 SAN WN D SMF WN D SAN	230.79

00

RECEIVED
FEB 02 2026
BY:

CORPORATE PAYMENT SYSTEMS
P.O. BOX 6343
FARGO, ND 58125-6343

Account Number:
Unique ID: XXXX XXXX XXXX
Amount Due: 1121 $0.00

****MEMO STATEMENT ONLY****
DO NOT REMIT PAYMENT

ALBERT LAU
SANTA FE IRRIGATION DIST
PO BOX 409
RANCHO SANTA FE CA 92067-0409

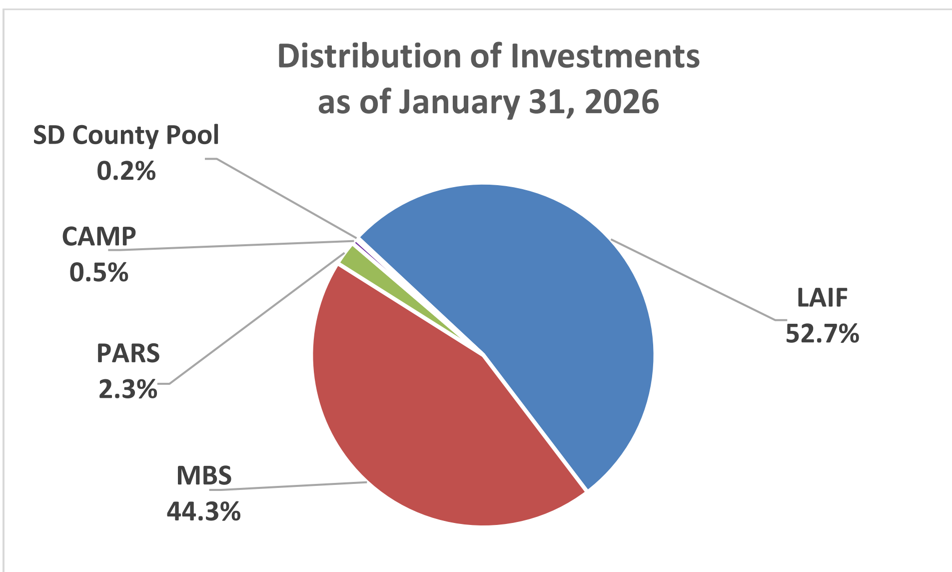
Investment Transaction Report for January 2026

The following is a list of the month's investment activity

Security/Investment Pool	Settlement Date	Activity	Yield to Maturity	Maturity Date	Principal Amount
LAIF	1/15/26	$500,000			$500,000
LAIF	1/27/26	$1,650,000			$1,650,000
Cash on Hand	1/31/26	($982,866)			($982,866)
Net Activity					$1,167,134

Investment Funds*

	As of 12/31/25	As of 1/31/26
Local Agency Investment Fund (LAIF)	$25,831,546	$28,033,325
Multi-Bank Securities (MBS)	23,772,714	23,628,728
Public Agency Retirement Services (PARS)	1,242,272	1,245,201
California Asset Management Program (CAMP)	264,097	264,958
San Diego County Treasurer's Pool	109,334	109,730
Cash on Hand	1,207,107	224,241
Total	**$52,409,070**	**$53,506,183**



*May include accrued interest not available currently for withdrawal – based on book value
*Please see attached list of MBS Holdings

Multi-Bank Securities

January 31, 2026

Issuer	Product Type	Settle	Maturity	Rate	MarketValuation	CUSIP
UNITED STATES TREAS	Treasury	9/26/2024	9/15/2026	4.63%	$1,820,660.90	91282CHY0
AXOS BK SAN DIEGO	DTC CD	10/2/2024	10/2/2026	3.75%	$248,950.20	05465DBT4
ALL IN FED CR UN	DTC CD	10/4/2024	10/5/2026	3.70%	$248,843.13	01664MAM8
ALLY BK SANDY UTAH	DTC CD	10/3/2024	10/5/2026	3.70%	$244,884.85	02007G3U5
UNIVERSITY ILL CMNTY	DTC CD	10/4/2024	10/5/2026	3.75%	$248,925.30	914359AC8
UNITED STATES TREAS	Treasury	9/26/2024	3/15/2027	4.25%	$1,833,304.20	91282CKE0
TEXAS EXCHANGE BK	DTC CD	9/27/2024	3/26/2027	3.65%	$248,571.72	88241TTB6
BANKERS BK WEST	DTC CD	10/7/2024	7/7/2027	3.65%	$248,484.57	06610TFL4
CONNEXUS CR UN	DTC CD	9/3/2025	9/3/2027	4.00%	$243,724.14	20825WEK2
BNY MELLON N A INSTL	DTC CD	9/27/2024	9/27/2027	3.45%	$243,601.05	05584CRS7
MERRICK BK SOUTH	DTC CD	9/30/2024	9/30/2027	3.60%	$248,215.65	59013KR32
UNITED STATES TREAS	Treasury	9/26/2024	9/30/2027	4.13%	$1,789,664.42	91282CFM8
LUANA SVGS BK IOWA	DTC CD	8/13/2025	8/14/2028	3.70%	$244,240.50	549104L39
MORGAN STANLEY BK N	DTC CD	8/13/2025	8/14/2028	3.85%	$245,117.60	61778ECY5
SALLIE MAE BK SALT	DTC CD	8/13/2025	8/14/2028	3.85%	$245,117.60	795451EA7
VALLEY NATL BK	DTC CD	8/12/2025	8/14/2028	3.75%	$244,532.05	919853RB9
BMW BK NORTH AMER	DTC CD	8/15/2025	8/15/2028	3.85%	$245,068.60	05612LFN7
IDABEL NATL BK OKLA	DTC CD	8/15/2025	8/15/2028	3.70%	$248,253.00	451088BZ0
MALAGA BK FSB PALOS	DTC CD	8/15/2025	8/15/2028	3.75%	$248,554.29	56102ACA2
MILESTONE BK SALT	DTC CD	8/15/2025	8/15/2028	3.75%	$244,485.50	59934MDT2
FIRST PREMIER BK	DTC CD	8/20/2025	8/21/2028	3.75%	$244,527.15	33610RWU3
GOLDMAN SACHS BK USA	DTC CD	8/19/2025	8/21/2028	3.80%	$244,821.15	38150V4Q9
HOPE FED CR UN	DTC CD	8/21/2025	8/21/2028	3.85%	$245,068.60	43942MAN2
INSTITUTION FOR SVGS	DTC CD	8/25/2025	8/25/2028	3.70%	$248,245.53	45780PDA0
UNITED STATES TREAS	Treasury	11/25/2024	10/31/2029	4.13%	$7,808,247.00	91282CLR0
BANK MONTREAL	Corporate	10/15/2025	10/15/2030	4.30%	$4,510,254.00	06376FEC9
ROYAL BK CDA GLOBAL	Corporate	10/17/2025	10/17/2030	4.25%	$694,365.00	78014RM31
					$23,628,727.70	

The mission of Santa Fe Irrigation District is to meet the water supply needs of all its customers — safely, sustainably, reliably, and cost-effectively.

BOARD REPORT

TO: Administrative & Finance Committee

FROM: Albert C. Lau, P. E.

INITIATED BY: Seth Gates, Director of Administrative Services

DATE: February 10, 2026

SUBJECT: Review and Discuss FY26 Mid-Year Budget Projections and Approve $157,000 in Total Appropriation Requests

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Strategic Focus Area:

GOAL 5. Sustainable and Effectively Managed Finances

Recommendation:

It is the Staff recommendation that the Administrative and Finance Committee recommend that the Board of Directors:

1. Review and discuss FY26 Mid-Year Budget projections; and
2. Approve a $127,000 appropriation increase in the District capital acquisition budget; and
3. Approve a $30,000 appropriation increase in the Joint Facilities capital acquisition budget; and
4. Discuss and take other action as appropriate.

Alternatives:

Request Staff return with additional information.

Background:

A Mid-Year analysis of the Santa Fe Irrigation District FY26 Budget can be summarized as follows. All stated variances are from budgeted levels unless otherwise stated (rounded to the nearest ten thousand if under $1M, and to the nearest one-hundred thousand if over $1M). Some numbers may not foot due to this rounding.

Water Overview:

- Local water utilization from Lake Hodges is projected to be 1,272 acre-feet (AF). With the FY26 Budget including no local water based on the uncertainty of yield due to Lake Hodges restrictions; this provides a financial benefit to the District (and an offset to the forecasted reduction in sales). The projected FY26 yield is a decrease of 81 acre-feet (AF) from the actual yield in FY25 of 1,353 AF of local water.
- In December 2025 and January 2026, San Diego County received higher-than-average rainfall, reducing potable and recycled water consumption as compared to the same month in the year prior. The FY26 Mid-Year Budget assumes that the remainder of the fiscal year will be wetter than normal, with water consumption similar to that experienced in FY23/FY24.
- Potable water purchases (untreated and treated water) are projected to total 8,027 AF, which is 1,288 AF less than budgeted levels of 9,315 AF, with a corresponding decrease in water purchase expenditures.
- Total potable water sales are estimated to be 8,973 AF, which is a decrease of 27 AF from the budgeted 9,000 AF with a corresponding decrease in water sales revenue.
- Recycled water purchases and sales are projected to total 580 AF, which is 45 AF less than the FY26 budget of 625 AF.

Revenues: Total operating and non-operating revenues are projected to be below budgeted levels by approximately $770,000, primarily due to the following:

- Potable water sales are anticipated to be approximately $670,000 lower than budgeted levels;
- Recycled water sales are anticipated to be approximately $80,000 lower than budgeted levels;
- Fixed charges are anticipated to be approximately $50,000 lower than budgeted levels;
- Reimbursements from San Dieguito Water District (SDWD) for local water, operating, and capital expenditures are projected to be approximately $110,000 above budget, driven by increases in operating reimbursements and the projected reimbursement for past and current local water operations and maintenance expenses (note: the amount included for reimbursement has not

been reconciled by District Staff, and will change based on if / when information to achieve a reconciliation is provided by City Staff), offset by a reduction in capital expenditure reimbursement;

- Other sources of revenue (property tax, interest income, capacity charges, miscellaneous) are projected to be below budgeted levels by approximately $80,000.

Expenditures: Total operating expenditures are projected to be below budget by approximately $3.8 million, and capital expenditures by $2.0 million, for a combined $5.9 million lower than budget, primarily due to the following:

- Water purchases are estimated to be approximately $4.3 million lower due primarily to local water yield and pre-payment on San Diego County Water Authority (SDCWA) fixed charges;
- Personnel expenditures are estimated to be approximately $30,000 below budget, primarily due to vacancy savings, offset by increases in healthcare costs, pay-go retiree healthcare, and 457 matching for employee retention;
- Total non-personnel expenditures are projected to be approximately $90,000 lower due primarily to projected budgetary savings in the Administrative and Operations & Maintenance departments;
- Capital improvement / acquisition expenditures are forecasted to be approximately $1.9 million lower than budgeted levels.

Reserves:

- Based on the FY26 Mid-Year projections, overall District fund balance is anticipated to increase by $3.1 million above FY25 year-end figures;
- Utilizing November 2025 Board approved reserve levels of $30.5 million, net undesignated funds are anticipated to be approximately $12.8 million;
- Reserve funding levels for the Lake Hodges Fund will be discussed on this same agenda at Administrative & Finance Committee, and Staff recommended modification(s) to this fund's designated levels are not included in these figures.

Discussion:

In Staff's review of District results for the operating and capital budgets for the first six months of FY26 and projected results for the rest of the fiscal year, overall revenue and expenditure levels are projected to be marginally below the FY25 Budget. Major variances and specific areas of District interest are highlighted below, while a FY26 Mid-Year sources / uses statement is included as Attachment A for reference.

Revenues

Potable Water Sales & Fixed Charges

The FY26 Mid-Year projection for variable water sales is $24.8 million, which is $670,000 below budgeted levels, due primarily to the District not increasing rates for its operations & maintenance (O&M) and capital expenditures (internal rates), in addition to a 27AF reduction in water sales from budgeted levels.

Fixed charge revenue projections total $7.4 million, which is approximately $50,000 lower than budgeted levels due primarily to the District not increasing internal rates and the current meter inventory.

Recycled Water Sales

The FY26 Mid-Year projection for recycled water sales is $1.2 million, which is $82,000 below budgeted levels, due primarily a 45AF reduction in water sales from budgeted levels due to lower demand from a wet beginning of FY26 and a continued projection of lower-than-budgeted demand.

The breakout of estimated water sales is as follows:

	FY 2025	FY 2026		$ Change	% Change	$ Change	% Change
Description	**Actual**	**Budget**	**Projected**	**FY25Act. - FY26 Proj.**	**FY25Act. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**
Water Sales (Acre Feet)							
Potale Water	9,519	9,000	8,973	(546)	-5.7%	(27)	-0.3%
Recycled Water	620	625	580	(41)	-6.6%	(45)	-7.3%
Total Water Sales	**10,139**	**9,625**	**9,552**	**(587)**	**-5.8%**	**(73)**	**-0.8%**

SDWD Reimbursements

SDWD reimburses the District for their proportional share of operating and capital expenditures at the R.E. Badger Plant and other Joint Facilities. The FY26 Budget included approximately $3.2 million in operating reimbursements, with no local water expenditure payments to the City of San Diego. The FY26 Mid-Year projection for reimbursements totals, including local water expenditures, are $3.5 million, an increase of approximately $320,000. This increase is primarily attributable to the anticipated expenditure of $675,000 in reimbursements paid to the City of San Diego for prior and current O&M on the Lake Hodges Dam. SDWD's proportionate share of any local water payments total 42.67%, or approximately $280,000. Reimbursements for O&M for Joint Facilities operating expenditures are apportioned to the District and SDWD based on their respective finished potable water flows taken from the R.E. Badger Treatment Plant at year-end.

The estimated SDWD O&M reimbursement for FY26 is $3.2 million, which is approximately $31,000 higher than budgeted levels due to an increase in Joint Facilities operating expenditures (discussed in further detail in this memorandum). The FY26 Budget assumed a 38% share for SDWD, though in years with above-average rainfall, the District's proportionate share of potable water declines due primarily to a reduction in irrigation demands of single-family residential (SFR) customers, with a corresponding increase in SDWD's share of water. SDWD's customer characteristics for potable water consumption is less variable than the District's in years with greater rainfall due to less estate-sized SFR parcels that have less variable irrigation demands. SDWD's proportionate share of operating expenditures in FY23/FY24, which had above-average rainfall, average 38.5%; while FY25, which was a drier year, SDWD's proportionate share was 37.2%. The amount of rainfall in the remainder of FY26 will not only drive water sales for the District, local water yield, and their respective revenues / expenditures, but also the proportionate share of Joint Facilities expenditures.

Additionally, SDWD reimburses the District for capital acquisition and capital improvement projects per their contractual sharing percentage based on the asset type. SDWD capital reimbursements in the FY26 Budget totaled approximately $1.8 million, while the FY26 Mid-Year projection is $1.6 million, a reduction of approximately $210,000 due to a delay in Joint Facilities capital spending. Additionally, the District projected to receive reimbursements from the State and Local Cybersecurity Grant Program (SLCGP) of $185,000 in the FY26 Budget. Based on actual reimbursements to date of approximately $235,000 and the District having submitted its final reimbursement request, the FY26 Mid-Year projection includes the full reimbursement of the grant amount of $250,000. SDWD receives 45% of this grant, and a larger reimbursement in FY26 than projected reduces SDWD's capital contribution by approximately $29,000 ($65,000 in total additional grant reimbursements in FY26, multiplied by their 45% sharing, already factored into SDWD's $1.6 million reimbursement projection).

Additional Revenues

Total District revenues beyond potable water sales, fixed charges, and SDWD reimbursements total approximately $6.7 million in the FY26 Budget (miscellaneous operating and non-operating revenues, property tax, interest income, and capacity fees) and are expected to be lower than budgeted levels by approximately $140,000 to $6.5 million based on revised projections. This reduction in revenues are mainly attributable to the following approximated variances from budgeted levels:

- $25,000 increase in miscellaneous operating revenues due to higher-than-projected reimbursements for operating activities within the District;
- $10,000 increase in interest revenues due primarily due to a higher-than-projected average investment balance from the projected increase in District funds for future ratepayer benefit;

- $160,000 decrease in property tax revenues as home sales in the region, which drive supplemental revenues received by the District when assessed values are reset at current levels during the sale, have not kept pace with projected levels due to the continuing high interest rates for mortgages;
- $20,000 decrease in miscellaneous non-operating revenues primarily due to the District no longer renting its SFR home at the Larrick reservoir.

<u>Expenditures</u>

Fixed and Variable Potable Water Purchases

The FY26 Mid-Year projection for variable water purchases is $12.8 million, which is approximately $2.2 million lower than budgeted levels. This variance is due to the projected increase in local water availability. The FY26 Budget estimated the need for 9,315 AF of potable water purchased from SDCWA (treated and untreated) to serve demand; however, the FY26 Mid-Year projects the need will be 8,027 AF of potable water – a reduction of 1,288 AF. This reduction is primarily due to an estimated yield of 1,272 AF of local water. Additionally, fixed charges are projected to total $2.4 million, a reduction of $2.1 million from FY26 Budget levels. The District pre-paid all of CY25 fixed charges to SDCWA in December 2024 for a 4% reduction in the total amount payable, or approximately $170,000. The terms of this pre-payment agreement allowed SDCWA to cancel this pre-payment at any point during CY25 if interest rate conditions were to materially change (this was up to SDCWA discretion, and SDCWA would refund the District for the proportionate share of pre-paid fixed charges not yet due up to the point of cancellation). Due to this uncertainty, District Staff budgeted the full amount of fixed charges payable in FY26 to provide the budget authority during the year if SDCWA were to enact this provision. These savings from budget levels were anticipated in FY26, and with CY25 having been completed and SDCWA (and SDCWA not offering this program again in CY26) not having enacted this provision, this budgetary authority is not needed and the full $170,000 in savings were realized by the District.

Recycled Water Purchases

Recycled water purchases in the FY26 Mid-Year match the current sales project. The FY26 Mid-Year projection for purchases (including San Elijo JPA's update to their recycled water purchase rate of $2,185 per AF, a 10% increase from CY25 rates) total $1.2 million, or approximately $80,000 below budget levels due to the reduction in recycled water demand in addition to their 10% increase in CY26 being lower than the estimated CY26 change of 14% incorporated into the FY26 Budget.

The breakout of water sources for the FY26 Budget and FY26 Mid-Year projection is as follows:

	FY 2025	FY 2026		$ Change	% Change	$ Change	% Change
Description	**Actual**	**Budget**	**Projected**	**FY25Act. - FY26 Proj.**	**FY25Act. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**
Water Sources (Acre Feet)							
SDCWA Untreated	7,563	8,615	7,321	(242)	-3.2%	(1,294)	-15.0%
SDCWA Treated	603	700	706	103	17.1%	6	0.9%
Local	1,352	-	1,272	(80)	-6.0%	1,272	-
Recycled	620	625	580	(40)	-6.5%	(45)	-7.3%
Total Water Portfolio	**10,138**	**9,940**	**9,878**	**(260)**	**-2.6%**	**(62)**	**-0.6%**

Personnel and Department Expenditures

Salary and benefits for the District are projected to be approximately $170,000 lower than the FY26 Budget due to Staff working to fill positions, with vacancy savings partially offset by overtime and other expenditures. Fringe expenditures are projected to be approximately $135,000 higher than FY26 Budget levels due primarily to an increase of approximately $136,000 in retiree healthcare payments in addition to an approximate $76,000 increase in other personnel expenditures. These increases were offset by a reduction of $77,000 in CalPERS contributions and healthcare expenditures (combined), due to vacant positions. The following is a departmental break-down of all personnel expenditures.

	FY25	FY 2026		$ Change	% Change	$ Change	% Change
Description	**Actual**	**Budget**	**Projected**	**FY25Act. - FY26 Proj.**	**FY25Act. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**
Salaries & Benefits:							
District Administration	$ 3,343,175	$ 3,307,014	$ 3,392,114	$ 48,939	1.5%	$ 85,100	2.6%
Salaries	*2,058,494*	*2,000,315*	*2,027,797*	*(30,696)*	*-1.5%*	*27,482*	*1.4%*
Retirement - CalPERS	*930,376*	*930,880*	*957,138*	*26,762*	*2.9%*	*26,259*	*2.8%*
Healthcare (Medical / Dental)	*266,750*	*293,747*	*297,733*	*30,983*	*11.6%*	*3,987*	*1.4%*
Other	*87,555*	*82,072*	*109,445*	*21,890*	*25.0%*	*27,372*	*33.4%*
District Engineering	843,159	939,133	1,050,612	207,452	24.6%	111,479	11.9%
Salaries	*493,872*	*564,891*	*632,201*	*138,329*	*28.0%*	*67,310*	*11.9%*
Retirement - CalPERS	*265,711*	*267,282*	*298,172*	*32,461*	*12.2%*	*30,890*	*11.6%*
Healthcare (Medical / Dental)	*66,701*	*83,670*	*87,602*	*20,900*	*31.3%*	*3,931*	*4.7%*
Other	*16,875*	*23,290*	*32,637*	*15,762*	*93.4%*	*9,347*	*40.1%*
District Operations	2,703,175	2,991,211	2,734,001	30,825	1.1%	(257,210)	-8.6%
Salaries	*1,506,945*	*1,730,279*	*1,553,813*	*46,867*	*3.1%*	*(176,466)*	*-10.2%*
Retirement - CalPERS	*766,468*	*815,370*	*741,880*	*(24,588)*	*-3.2%*	*(73,491)*	*-9.0%*
Healthcare (Medical / Dental)	*303,407*	*374,224*	*342,385*	*38,978*	*12.8%*	*(31,839)*	*-8.5%*
Other	*126,355*	*71,338*	*95,923*	*(30,432)*	*-24.1%*	*24,586*	*34.5%*
Joint Facilities Operations	1,927,595	1,856,149	1,896,783	(30,813)	-1.6%	40,633	2.2%
Salaries	*1,203,275*	*1,097,597*	*1,117,366*	*(85,908)*	*-7.1%*	*19,769*	*1.8%*
Retirement - CalPERS	*506,762*	*528,930*	*544,579*	*37,817*	*7.5%*	*15,649*	*3.0%*
Healthcare (Medical / Dental)	*155,506*	*184,369*	*176,708*	*21,203*	*13.6%*	*(7,661)*	*-4.2%*
Other	*62,053*	*45,253*	*58,129*	*(3,924)*	*-6.3%*	*12,876*	*28.5%*
Joint Facilities Maintenance	836,825	863,694	746,190	(90,635)	-10.8%	(117,504)	-13.6%
Salaries	*496,628*	*500,045*	*418,300*	*(78,328)*	*-15.8%*	*(81,746)*	*-16.3%*
Retirement - CalPERS	*232,082*	*248,398*	*215,662*	*(16,419)*	*-7.1%*	*(32,736)*	*-13.2%*
Healthcare (Medical / Dental)	*85,219*	*94,634*	*92,197*	*6,978*	*8.2%*	*(2,438)*	*-2.6%*
Other	*22,897*	*20,616*	*20,031*	*(2,866)*	*-12.5%*	*(585)*	*-2.8%*
Joint Facilities Laboratory	187,746	198,956	200,909	13,163	7.0%	1,953	1.0%
Salaries	*103,448*	*111,556*	*111,286*	*7,838*	*7.6%*	*(270)*	*-0.2%*
Retirement - CalPERS	*49,879*	*50,289*	*51,286*	*1,406*	*2.8%*	*996*	*2.0%*
Healthcare (Medical / Dental)	*28,807*	*32,512*	*32,307*	*3,500*	*12.1%*	*(205)*	*-0.6%*
Other	*5,612*	*4,599*	*6,031*	*418*	*7.5%*	*1,432*	*31.1%*
Joint Facilities Administration	350,047	402,355	369,696	19,649	5.6%	(32,660)	-8.1%
Salaries	*202,510*	*237,356*	*213,404*	*10,895*	*5.4%*	*(23,952)*	*-10.1%*
Retirement - CalPERS	*108,245*	*121,860*	*113,054*	*4,809*	*4.4%*	*(8,806)*	*-7.2%*
Healthcare (Medical / Dental)	*28,807*	*33,354*	*32,258*	*3,451*	*12.0%*	*(1,096)*	*-3.3%*
Other	*10,486*	*9,786*	*10,980*	*494*	*4.7%*	*1,194*	*12.2%*
Subtotal Operating Salaries & Benefits	**$ 10,191,723**	**$ 10,558,513**	**$ 10,390,303**	**$ 198,580**	**1.9%**	**$ (168,210)**	**-1.6%**
Retiree Health Care Program							
Annual OPEB Trust Contribution / Pay-Go							
District	450,499	359,420	473,024	22,525	5.0%	113,604	31.6%
Plant	177,160	163,944	186,018	8,858	5.0%	22,073	13.5%
Subtotal Retiree Healthcare Program	**$ 627,659**	**$ 523,364**	**$ 659,042**	**$ 31,383**	**5.0%**	**$ 135,678**	**25.9%**
Total Personnel Expenses	**$ 10,819,382**	**$ 11,081,877**	**$ 11,049,345**	**$ 229,963**	**2.1%**	**$ (32,532)**	**-0.3%**

Items of note in the previous table include the District's Engineering Department overall personnel expenditures exceeding FY26 Budget levels by approximately $111,000. This increase is due to temporary assistance being provided by a CalPERS annuitant to augment staffing levels during employee leave in addition to providing continuing assistance due to increased developmental activity in the District. Additionally, most departments are projected to have a higher-than-budgeted level of "other" personnel expenditures. This increase is due to Staff's oversight in the FY26

Budget development process of not including the current Memorandum of Understanding's (MOU) requirement for 457 matching as an employee retention incentive. The FY26 Mid-Year projection for the MOU's retention incentive (for employees that are not in the classic pension tier) totals approximately $70,000, which was not included in the FY26 Budget appropriations. Despite this oversight, the District has sufficient budgetary appropriations to cover this expenditure and no appropriation request for this is included in this action.

Departmental non-personnel expenditure projections are outlined as follows:

Administrative Expenditures

The Administrative Department expenditures are projected to have approximately $40,000 or 2.8% budgetary savings as compared to the FY26 Budget. This variation is due to an approximate $28,000 reduction in information technology (IT) services, as District IT Staff have made a concerned effort to right-size the appropriate technology footprint and services provided. Staff have significantly bolstered IT security in FY25/FY26 (including multi-factor authentication, internet protocol (IP) address access identification / blocking, and access assignments based on role, among others) while eliminating services that no longer provide this enhanced level of security or are duplicative. This ongoing review has created these projected savings from budgeted levels. Additionally, the Administrative Department is projecting approximately $50,000 in budgetary savings from contract services and office supplies. These savings are due to less-than-anticipated need for consultant services (i.e. Staff completed study for user and capacity fees) in addition to redeploying existing furnishings for new employees instead of purchasing new.

Engineering Expenditures

The Administrative Department expenditures are projected to have approximately $19,000 or 6.5% budgetary savings as compared to the FY26 Budget. This savings is primarily due to lower than anticipated renewal fees for ESRI GIS in addition to a lower expenditure rate on training and seminars for Staff due to the aforementioned employee leave.

Operations and Maintenance Expenditures

Operations and Maintenance Department expenditures are projected to have approximately $85,000 or 4.4% budgetary savings as compared to the FY26 Budget. This is attributable to savings in various operating areas in the department. In the FY26 Budget, the Operations and Maintenance Department's overall budget was increased to accommodate rising prices from inflation and tariffs, increasing developmental activity within the District, and large contractual services going out to bid with yet unknown outcomes (primarily traffic control and paving services, which account for over 40% of their construction budget). Based on the current activity level in the District, the current contracts in place, and current prices being paid for hard goods (pipes, meters, tools, etc.), there is anticipated savings of approximately

$97,000 in system operations / facilities maintenance / construction. This is partially offset by an increase of approximately $31,000 in meter services due to the price of Sensus meters increasing due to tariffs and to have sufficient stock on hand. Additionally, there is anticipated savings of approximately $20,000 in safety related expenditures in FY26. The District is committed to ensuring a pro-actively safe working environment, and these expenditure savings are primarily related to accumulated hazardous materials that were disposed in FY25 and whose expenditure in FY26 is not anticipated to be required due to these previously incurred costs (though are anticipated in FY27 to properly dispose of accumulated items in FY26/FY27).

Joint Facilities Expenditures

Joint Facilities expenditures are projected to be approximately $2,000 below FY26 Budget levels or 0% (excluding local water). This variance is a compilation of several projections, however, items of note including the following. Expenditures on electricity for movement of local water (Cielo pump station and San Dieguito Reservoir (SDR) pump station) and associated repairs, was projected to be approximately $245,000, which was based on no local water use & just maintenance and upkeep on these assets. However, as previously outlined, total local water use is projected to be 1,272 AF, which will incur electrical costs to move the water to SDR and to the filtration plant. The projection for electricity expenditures and maintenance for these facilities is approximately $642,000, which is an approximate increase of $396,000 above budget levels.

Chemical expenditures for water treatment are projected to total $1.1 million in FY26, which is approximately $53,000 or 4.7% lower than FY26 Budget levels. This projected variance is due to a higher level of orders for chlorine and caustic soda at the end of FY25 (with higher levels of actual expenditures in that year), which created a larger inventory of these chemicals to utilize during the first portion of FY26. This expenditure timing that created budgetary savings was offset by a projected increase in chemical utilization due to local water utilization.

The remainder of Joint Facilities expenditure projections have only changed marginally. However, there are several individual increases and decreases within the Department that will be re-evaluated during the FY26 Budget development.

Local Water Expenditures

The District did not budget any reimbursements to the City of San Diego for past, ongoing, or future O&M for Lake Hodges Dam and are disputing the billings that the District has been invoiced for the emergency repairs on the existing dam and the design costs of the future dam. These Joint Facilities expenditures are shared between the District and SDWD at local water expenditure sharing rates of 57.23% and 42.67%, respectively. The amount that is currently estimated in the FY26 Mid-Year budget report for reimbursement is $675,000 for past and current O&M, which is shared at $386,977 and $288,023 between the District and SDWD, respectively. SDWD currently has $550,000 (without accumulated interest) on deposit with the

District for these expenditures. The SDWD local water reimbursement shown in this report of $288,023 will be taken from this amount on deposit with the District and will not be charged on their yearly invoice and will be recognized as revenue to the District. The actual amount proposed by Staff to be paid to the City of San Diego will be discussed with the District's Administrative & Finance Committee and / or the Board of Directors in closed or open session (dependent on counsel input) and in consultation with SDWD prior to Staff initiating this payment.

Capital Budget

Capital Acquisition Budget

The Capital Budget consists of two elements: the Capital Acquisition Program (CAP) and the Capital Improvement Program (CIP). The District's CAP funds the purchase and procurement of equipment that has a value of $7,500 or greater and has a useful life of more than twelve months. CAP purchases are funded from the Capital Improvement Reserve account and are generally a result of equipment replacement or upgrades. The CIP funds refurbishment and replacement of the District's infrastructure (as expansion CIP projects are infrequent due to the District being majority built-out). The District currently funds the CIP on a pay-as-you-go basis. The CAP summary for FY26 is as follows:

Capital Acquisition Budget Detail
Fiscal Year 2026

	SFID %	FY26 Total Budget*	FY26 Mid-Yr	$ Change	% Change
District Administration / Operations					
Fire Safety PPE/Emergency Response Equipment	100.00%	$ 15,000	$ 13,347	$ (1,653)	-11.0%
Emergency Water Trailer	100.00%	40,000	40,000	-	0.0%
Water Service Emergency Highline Materials	100.00%	15,000	15,000	-	0.0%
Cement Mixing Trailer Replace	100.00%	30,000	28,496	(1,504)	-5.0%
3 Yard Dump Bed Truck	100.00%	90,000	-	(90,000)	-100.0%
Phase 1 PLC Upgrades for remote PRS	100.00%	35,000	32,917	(2,083)	-6.0%
Yard Material Bins Covers/Drainage	100.00%	50,000	50,000	-	0.0%
Unit #11 Stakebed Body Refresh	100.00%	20,000	20,558	558	2.8%
Phase I AMI (10yr) Meter / Register Replacements	100.00%	215,000	215,000	-	0.0%
440 Glenmont House Roof Repairs	100.00%	55,000	-	(55,000)	-100.0%
Larrick Reservoir Warehouse Paint/Stucco/Wood Repairs	100.00%	40,000	40,000	-	0.0%
Admin Building Master Switch Replacement	100.00%	52,000	34,556	(17,444)	-33.5%
Unit 2 / 3 F-250 Super Duty	100.00%	-	141,613	141,613	-
Admin Building Emergency Generator Repairs	100.00%	-	10,510	10,510	-
Replacement of 1/2 Ton Unit 14 for PZEV	100.00%	-	75,000	75,000	-
Total District Administration / Operations		**$ 657,000**	**$ 716,997**	**$ 59,997**	**9.1%**
Joint Facilities					
PLC for Chemical Feed Continued Updates	55.00%	$ 40,000	$ 38,161	$ (1,839)	-4.6%
TOC Analyzer Replacement	55.00%	50,000	50,000	-	0.0%
Master Backwash Actuator Replacement	55.00%	40,000	34,374	(5,626)	-14.1%
Polymer Premix / Injection Unit	55.00%	150,000	139,418	(10,582)	-7.1%
Flashmix Pump Replacement	55.00%	25,000	17,361	(7,639)	-30.6%
Caustic Tank Replacement	55.00%	160,000	142,741	(17,259)	-10.8%
Chlorine Analyzers (3)	55.00%	55,000	19,068	(35,932)	-65.3%
Security Monitor Addition	55.00%	8,000	-	(8,000)	-100.0%
Automated 30" Bypass valve	57.33%	75,000	75,000	-	0.0%
Kitchen Repairs / Updates	55.00%	50,000	50,000	-	0.0%
San Dieguito Reservoir Fencing Repairs / Camera Installation	55.00%	75,000	120,426	45,426	60.6%
SCADA Server Replacements	55.00%	216,000	216,000	-	0.0%
RE Badger Master Switch Replacement		-	22,091	22,091	-
Cielo Pump Station Seal Replacement		-	17,954	17,954	-
Anthracite Filter Media Replacement / Addition		-	18,400	18,400	-
Replacement of Equalization Pond Gate Valve		-	27,303	27,303	-
Security Camera Software Replacement			30,000	30,000	-
Total Joint Facilities		**$ 944,000**	**$ 1,018,297**	**$ 74,297**	**7.9%**
TOTAL SFID / SDWD Capital Acquisitions		**$ 1,601,000**	**$ 1,735,294**	**$ 134,294**	**8.4%**

** Represents entire budget, including SFID / SDWD share. SDWD reimbursements for CAP are included as non-operating revenues.*

The combined District and Joint Facilities CAP FY26 budget is $1,601,000, with a current projected total anticipated spend in FY26 of $1,735,294, which is $134,294 above budget levels. Total spending for Joint Facilities is anticipated to be $1,018,297 ($74,297 above budget levels) which will be shared $562,290 for the District and $456,007 for SDWD). Total spending for the District is anticipated to be $716,997 ($59,997 above budget levels).

Some CAP District projects of note are the 3 yard dump bed truck, the addition of unit 2/3 F-250 Super Duty, and a replacement of unit 14 (½ ton truck) with an electric vehicle is the continuation of the District's strategy for replacement of aged vehicles with electric vehicles when available or their replacement prior to more stringent California Air Resource Control Board (CARB) requirements. The 3 yard dump is being postponed due to the District's difficulty in procuring a CARB compliant vehicle, and Staff are attempting to secure a waiver or develop an alternative strategy for procurement, while the replacement of units 2 and 3 are to replace these units prior to CARB regulations (and are high mileage and / or high wear vehicles), and the replacement of unit 14 with an electric vehicle is to begin the assessment of electric vehicle use in the operation and maintenance department. These vehicle procurements have a combined impact of approximately $127,000 above budget levels. Though Staff has the budgetary authority under the District's Budget Policy to transfer appropriations to cover these variations, **Staff is requesting the Board of Directors to approve an appropriations request for the FY26 District CAP of $127,000 to ensure that sufficient budget exists in addition to providing greater transparency on these items.**

Some CAP Joint Facilities projects of note are: there are four separate projects that have been completed due to an updated cost sharing between the District and Joint Facilities or due to emergency repairs. The R.E. Badger master switch replacement project was originally budgeted in the District only. However, after discussions, this master switch (which enables intra and internet access) serves both the District and Joint Facilities and was split according to the employee count in each area. The Cielo Pump Station / anthracite filter media / equalization pond gate valve projects were all emergency repairs that exceed the District's $7,500 threshold for capitalization per the District's Capitalization Policy. The San Dieguito Reservoir fencing and security improvements were above budget levels by $45,426, which was based on Board of Directors' direction for securing the site with new fencing and other assets to prevent / detect intrusion. Finally, the security monitor addition was completed with less budget than anticipated, and these expenditures totaled less than the District's capitalization threshold and were therefore expensed from the operating budget.

District Staff (and the Board of Directors) take physical security at the R.E. Badger Treatment Plant and associated Joint Facilities very seriously. In recent years, security has been expanded at San Dieguito Reservoir, enhanced access entry requirements at all facilities, and the addition of multiple cameras that oversee all these assets, among others. These cameras are monitored by the treatment operator(s) on duty 24/7/365 through multiple methods; but accomplished primarily through multiple monitors that are installed at the treatment operator station. These cameras are coordinated with a complex software system that provides the feed to this monitoring station and continuously records all cameras. This software has become outdated and has been problematic in always maintaining proper continuity, requiring intervention from the IT department to ensure continuous coverage at all monitoring stations. To rectify this problem and allow the IT department to re-focus their efforts, Staff is recommending that a new software system be procured for an estimated $30,000. **To allow for sufficient budget in the current fiscal year, Staff**

is requesting an appropriation adjustment of $30,000 for the FY26 Joint Facilities CAP to ensure the ability to execute this project on a timely basis and for greater transparency.

Capital Improvement Program Budget

The CIP is split into two groupings: 1.) District projects, and 2.) Joint Facilities projects. The summary of District and Joint Facilities projected expenditures for FY26 are as follows. These updated capital spending estimates will be incorporated into the new asset management master plan document that will be completed and discussed with SDWD in January and with the District's Board of Directors in spring. The following are the currently active CIP projects and their updated information based on their status as of January 2026.

Capital Improvement Budget Summary
Fiscal Year 2026

PROJECT NUMBER	PROJECT NAME / DESCRIPTION	PROJECT STATUS	SFID %	TOTAL ESTIMATED COST*	FY26 BUDGET EXPENDITURE PROJECTION	FY26 MID-YEAR EXPENDITURE PROJECTION
	DISTRICT ONLY					
2302	District Yard Small-Scale Solar Array	Construction	100.00%	$ 396,803	$ 150,000	$ 325,000
TBD	El Camino Real Widening - City SD	Construction	100.00%	766,000	100,000	-
2501	La Granada Pipeline Replacement and PRS Elimination Project	Design/Construction	100.00%	3,151,800	1,000,000	230,000
2502	Larrick Reservoir and Pump Station Upgrades Project	Design/Construction	100.00%	4,761,306	1,500,000	600,000
TBD	24-inch Pipeline Realign/Replace - El Camino Real and Santa Luisa	Design/Construction	100.00%	3,157,283	750,000	440,000
	GENERAL DISTRICT CIP SUBTOTAL			**$ 12,233,192**	**$ 3,500,000**	**$ 1,595,000**
	JOINT FACILITIES (SFID & SDWD)					
2451	San Dieguito Dam Repair	Cosntruction	57.33%	865,000	250,000	580,000
2450	Clearwell Solar	Construction	55.00%	2,156,250	1,916,250	1,916,250
2351	R.E. Badger Leach Field Replacement	Feasibility / Design	55.00%	514,500	479,500	-
2550	Anode Bed Replacement	Construction	55.00%	250,000	200,000	100,000
2354	Filter Surface Washwater Header and Associated Piping	Construction	55.00%	1,645,760	300,000	275,000
	JOINT FACILITIES CIP SUBTOTAL			**$ 13,440,589**	**$ 3,145,750**	**$ 2,871,250**
	CIP PROGRAM TOTAL			**$ 25,673,781**	**$ 6,645,750**	**$ 4,466,250**

The FY26 Budget included five District-only capital projects. Expenditures on the District's solar array (located atop the mobile trailers) are progressing, and completion is anticipated in FY26. The El Camino project is managed by the City of San Diego, with the District reimbursing for expenditures; and is now anticipated to occur in FY27 and beyond (previously FY26 start but delayed due to City of San Diego timelines). The La Granada project is moving forward with planning and design, with bids being solicited in FY26 and construction anticipated to begin in FY27. The design of the Larrick project has undergone initial concept, with the District planning on holding a public forum in March to solicit public input on the project, with final design and construction anticipated to begin in FY27/FY28. Finally, the El Camino Real and Santa Luisa project is anticipated to continue design in FY26, with the majority of expenditures in future fiscal years.

Most Joint Facilities project expenditures are moving forward on a timely basis, with the solar project, leach field replacement, and anode bed replacement anticipating to be completed or majority completed this fiscal year. One item of note is for the leach field replacement. District Staff evaluated multiple options for this program, including connecting to Olivenhain Municipal Water District's sewer force main adjacent to the R.E. Badger Treatment Plant and rehabilitation of the existing leach field. However, connection to the force main was determined to be too costly with capacity fees and all other required construction costs, while the rehabilitation of the current leach field was deemed not feasible based on soil type and inability to ensure proper drainage. Based on this and in consultation with Joint Facilities Staff, it was determined that the current methodology of holding these flows in a tank on-site and pumping them out annually (at a cost of approximately $10,000 per year) was the more efficient and financially prudent alternative. The project moving forward will be to replace the current storage tank with a new tank that can retain these flows, which will continue to be pumped out on an annual basis. It is yet to be determined whether this revised project will be a CIP or CAP project in the FY27 Budget proposal.

Reserves

FY25 year-end cash and investments totaled $40.1 million. In November 2025, the Board designated $27.0 million to the District's established reserves, leaving approximately $30.5 million in total reserves (rate stabilization, operating, capital, and Lake Hodges), leaving approximately $9.7 million in funds for future ratepayer benefit.

Reserve Policy Funding

Reserve Fund	Target	Current
Capital Improvement & Replacement	Minimum	$ 8,940,000
Rate Stabilization	20% Variable Water Sales	$ 5,090,897
Operating	60 Days	$ 6,021,841
Lake Hodges Fund	Board Determined	$ 10,400,000
Actual Total Designated Reserves		**$ 30,452,738**

Based on these FY26 Mid-Year projections, total net positive cash change is projected to be $3.1 million, leaving a projected FY26 year-end cash balance of approximately $43.2 million (assuming the same level of accounts payables & receivables). Assuming the same $30.5 million in designated reserves (there is a concurrent action on this agenda that recommends a modification to the Lake Hodges Fund, which is **not** considered in these figures), this leaves an updated balance for future ratepayer benefit of approximately $12.8 million.

Fund Balance Impacts from FY26 Mid-Year Budget Projections

			Projected	FY 25 EOY		Variance
Beginning Cash Balance	A	$	40,135,533			
Operating Income		$	37,545,457			
Non-Operating Income			7,741,714			
Sub-Total	**B**	**$**	**45,287,171**			
Operating Expense*		$	35,986,319			
Capital Expense			6,201,544			
Sub-Total	**C**	**$**	**42,187,863**			
Net Cash Impact	**D=B-C**	**$**	**3,099,308**			
Ending Cash Balance	**A-D**	**$**	**43,234,841**	**$ 40,135,533**	**$**	**3,099,308**
Total Designated Reserves		**$**	**30,452,738**	**$ 30,452,738**		
Funds for Future Ratepayer Benefit		**$**	**12,782,103**	**$ 9,682,795**	**$**	**3,099,308**

** Does not include depreciation / amortization as a non-cash expense*

Key Performance Indicators

As included in the FY26 Budget as a guide for District / department performance on completion of the Strategic Plan objectives, please see a key performance indicator update (KPI) in Attachment B.

<u>Fiscal Impact:</u>

Staff have sufficient budget and authority (under the District's Budget Policy) to transfer $274,000 in budgetary savings from the operations & maintenance budget in FY26 to provide the authority for these three separate CAP additions. However, Staff is requesting this approval to provide clarity to the Board of Directors, ratepayers, and other interested parties. Based on this, there is no budgetary or fiscal impact from this item.

Attachment A: FY26 Mid-Year Sources & Uses and Accompanying Detailed Schedules of Revenues / Expenditures / Joint Facilities Cost Sharing

Attachment B: FY26 Budget Key Performance Indicators Update

ATTACHMENT A

Santa Fe Irrigation District
Fiscal Year 2026 Mid-Year Budget Summary
Sources of Funds

TOTAL REVENUES	FY 2025	FY 2026		$ Change	% Change	$ Change	% Change
	Actual	Budget	Projected	FY25Act. - FY26 Proj.	FY25Act. - FY26 Proj.	FY26 Budg. - FY26 Proj.	FY26 Budg. - FY26 Proj.
Potable Water Sales	$ 24,869,446	$ 25,454,487	$ 24,789,163	$ (80,283)	-0.3%	$ (665,324)	-2.6%
Recycled Water Sales	1,140,748	1,279,673	1,198,486	57,738	5.1%	(81,187)	-6.3%
Fixed Charges	6,961,221	7,472,186	7,422,910	461,689	6.6%	(49,277)	-0.7%
SDWD Local Water Reimbursement	-	-	288,023	288,023	-	288,023	-
SDWD Treatment Reimbursement	2,864,969	3,171,413	3,202,265	337,296	11.8%	30,852	1.0%
Misc Operating Revenue	689,019	620,000	644,611	(44,408)	-6.4%	24,611	4.0%
				-	-		
Total Operating Revenue	**$ 36,525,403**	**$ 37,997,759**	**$ 37,545,457**	$ 1,020,054	2.8%	$ (452,303)	-1.2%
NON-OPERATING REVENUES							
Capacity Charges	$ 473,641	$ 90,000	$ 90,000	$ (383,641)	-81.0%	$ -	0.0%
Interest Income	2,285,890	1,944,230	1,956,673	(329,217)	-14.4%	12,443	0.6%
Property Tax	3,546,075	3,831,379	3,670,501	124,426	3.5%	(160,878)	-4.2%
State / Federal Grants	-	185,000	250,000	250,000	-	65,000	35.1%
SDWD Capital Reimbursement	561,241	1,832,815	1,622,055	1,060,814	189.0%	(210,760)	-11.5%
Misc Non-Operating Revenue	296,510	172,200	152,485	(144,025)	-48.6%	(19,715)	-11.4%
Total Non-Operating Revenue	**$ 7,163,357**	**$ 8,055,624**	**$ 7,741,714**	$ 578,357	8.1%	$ (313,910)	-3.9%
TOTAL REVENUE	**$ 43,688,760**	**$ 46,053,384**	**$ 45,287,171**	**$ 1,598,411**	**3.7%**	**$ (766,213)**	**-1.7%**
OTHER SOURCES OF FUNDS							
Budget Balancing (Not Change in Reserves)	$ -	$ 5,097,647	$ 692	692	-	(5,096,955)	-100.0%
TOTAL FUNDS AVAILABLE	**$ 43,688,760**	**$ 51,151,031**	**$ 45,287,863**	**$ 1,599,103**	**3.7%**	**$ (5,863,168)**	**-11.5%**

Note: Totals may not foot due to rounding.

Santa Fe Irrigation District
Fiscal Year 2026 Mid-Year Budget Summary
Uses of Funds

TOTAL EXPENSES	FY 2025	FY 2026		$ Change	% Change	$ Change	% Change
	Actual	Budget	Projected	FY25Act. - FY26 Proj.	FY25Act. - FY26 Proj.	FY26 Budg. - FY26 Proj.	FY26 Budg. - FY26 Proj.
Water Expenses:							
Imported Water Purchases	$ 15,727,697	$ 19,453,453	$ 15,159,871	$ (567,826)	-3.6%	$ (4,293,582)	-22.1%
Local Water Costs		-	675,000	675,000	-	675,000	-
Recycled Water Purchases	1,150,793	1,279,673	1,198,486	47,693	4.1%	(81,187)	-6.3%
Personnel Expenses							
Salaries	5,831,868	6,242,039	6,074,168	242,300	4.2%	(167,872)	-2.7%
Retirement - CalPERS	2,859,523	2,963,010	2,921,771	62,248	2.2%	(41,239)	-1.4%
Healthcare (Medical / Dental)	935,196	1,096,510	1,061,189	125,993	13.5%	(35,321)	-3.2%
Retiree Healthcare	627,659	523,364	659,042	31,383	5.0%	135,678	25.9%
Other Personnel Expenses	331,833	256,954	333,176	1,343	0.4%	76,222	29.7%
Sub-Total Personnel Fringe Expenses	*$ 4,754,210*	*$ 4,839,837*	*$ 4,975,177*	*$ 220,967*	*4.6%*	*$ 135,340*	*2.8%*
Non-Personnel Expenses							
Administration Expense	1,359,744	1,433,256	1,392,488	32,743	2.4%	(40,768)	-2.8%
Engineering Expense	109,578	287,500	268,923	159,345	145.4%	(18,577)	-6.5%
Operations & Maintenance	1,794,856	1,947,500	1,862,083	67,227	3.7%	(85,417)	-4.4%
Joint Facilities	4,461,106	4,321,022	4,380,123	(80,983)	-1.8%	59,101	1.4%
Sub-Total Operating Expenses	*$ 7,725,284*	*$ 7,989,278*	*$ 7,903,617*	*$ 178,333*	*2.3%*	*$ (85,661)*	*-1.1%*
Capital Contribution / Depreciation	3,082,769	3,100,000	3,100,000	17,231	0.6%	-	0.0%
Total Operating Expenses	**$ 38,272,622**	**$ 42,904,281**	**$ 39,086,319**	**$ 813,697**	**2.1%**	**$ (3,817,962)**	**-8.9%**
CAPITAL EXPENSES							
Capital Acquisitions	$ 1,201,620	$ 1,601,000	$ 1,735,294	$ 533,674	44.4%	$ 134,294	8.4%
Capital Improvements	3,627,806	6,645,750	4,466,250	838,444	23.1%	(2,179,500)	-32.8%
Total Capital Expenses	**$ 4,829,426**	**$ 8,246,750**	**$ 6,201,544**	**$ 1,372,118**	**28.4%**	**$ (2,045,206)**	**-24.8%**
TOTAL EXPENSES	**$ 43,102,048**	**$ 51,151,031**	**$ 45,287,863**	**$ 2,185,815**	**5.1%**	**$ (5,863,168)**	**-11.5%**
OTHER USES OF FUNDS							
Budget Balancing (Not Change in Reserves)	586,712	-	-	(586,712)	-100.0%	-	-
TOTAL USES OF FUNDS	**$ 43,688,760**	**$ 51,151,031**	**$ 45,287,863**	**$ 1,599,103**	**3.7%**	**$ (5,863,168)**	**-11.5%**

Note: Totals may not foot due to rounding.

Water Summary
Fiscal Year 2026 Mid - Year Budget Analysis

	FY 2025	FY 2026		$ Change	% Change	$ Change	% Change
Description	**Actual**	**Budget**	**Projected**	**FY25Act. - FY26 Proj.**	**FY25Act. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**
Water Sources (Acre Feet)							
SDCWA Untreated	7,563	8,615	7,321	(242)	-3.2%	(1,294)	-15.0%
SDCWA Treated	603	700	706	103	17.1%	6	0.9%
Local	1,352	-	1,272	(80)	-6.0%	1,272	-
Recycled	620	625	580	(40)	-6.5%	(45)	-7.3%
Total Water Sources	**10,138**	**9,940**	**9,878**	**(260)**	**-2.6%**	**(62)**	**-0.6%**
Water Sales (Acre Feet)							
Potale Water	9,519	9,000	8,973	(546)	-5.7%	(27)	-0.3%
Recycled Water	620	625	580	(41)	-6.6%	(45)	-7.3%
Total Water Sales	**10,139**	**9,625**	**9,552**	**(587)**	**-5.8%**	**(73)**	**-0.8%**
Water Purchases ($'s)							
Variable Potable Water	$ 11,950,791	$ 14,967,632	$ 12,746,125	$ 795,334	6.7%	$ (2,221,507)	-14.8%
Fixed Potable Water	3,765,306	4,485,821	2,413,746	(1,351,560)	-35.9%	(2,072,075)	-46.2%
Variable Recycled Water	1,150,793	1,279,673	1,198,486	47,693	4.1%	(81,187)	-6.3%
Total Water Purchases	**$ 16,866,890**	**$ 20,733,126**	**$ 16,358,357**	**$ (508,533)**	**-3.0%**	**$ (4,374,769)**	**-21.1%**

Personnel Expense Summary
Fiscal Year 2026 Mid - Year Budget Analysis

	FY25	FY 2026		$ Change	% Change	$ Change	% Change
Description	**Actual**	**Budget**	**Projected**	**FY25Act. - FY26 Proj.**	**FY25Act. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**
Salaries & Benefits:							
District Administration	$ 3,343,175	$ 3,307,014	$ 3,392,114	$ 48,939	1.5%	$ 85,100	2.6%
Salaries	*2,058,494*	*2,000,315*	*2,027,797*	*(30,696)*	*-1.5%*	*27,482*	*1.4%*
Retirement - CalPERS	*930,376*	*930,880*	*957,138*	*26,762*	*2.9%*	*26,259*	*2.8%*
Healthcare (Medical / Dental)	*266,750*	*293,747*	*297,733*	*30,983*	*11.6%*	*3,987*	*1.4%*
Other	*87,555*	*82,072*	*109,445*	*21,890*	*25.0%*	*27,372*	*33.4%*
District Engineering	843,159	939,133	1,050,612	207,452	24.6%	111,479	11.9%
Salaries	*493,872*	*564,891*	*632,201*	*138,329*	*28.0%*	*67,310*	*11.9%*
Retirement - CalPERS	*265,711*	*267,282*	*298,172*	*32,461*	*12.2%*	*30,890*	*11.6%*
Healthcare (Medical / Dental)	*66,701*	*83,670*	*87,602*	*20,900*	*31.3%*	*3,931*	*4.7%*
Other	*16,875*	*23,290*	*32,637*	*15,762*	*93.4%*	*9,347*	*40.1%*
District Operations	2,703,175	2,991,211	2,734,001	30,825	1.1%	(257,210)	-8.6%
Salaries	*1,506,945*	*1,730,279*	*1,553,813*	*46,867*	*3.1%*	*(176,466)*	*-10.2%*
Retirement - CalPERS	*766,468*	*815,370*	*741,880*	*(24,588)*	*-3.2%*	*(73,491)*	*-9.0%*
Healthcare (Medical / Dental)	*303,407*	*374,224*	*342,385*	*38,978*	*12.8%*	*(31,839)*	*-8.5%*
Other	*126,355*	*71,338*	*95,923*	*(30,432)*	*-24.1%*	*24,586*	*34.5%*
Joint Facilities Operations	1,927,595	1,856,149	1,896,783	(30,813)	-1.6%	40,633	2.2%
Salaries	*1,203,275*	*1,097,597*	*1,117,366*	*(85,908)*	*-7.1%*	*19,769*	*1.8%*
Retirement - CalPERS	*506,762*	*528,930*	*544,579*	*37,817*	*7.5%*	*15,649*	*3.0%*
Healthcare (Medical / Dental)	*155,506*	*184,369*	*176,708*	*21,203*	*13.6%*	*(7,661)*	*-4.2%*
Other	*62,053*	*45,253*	*58,129*	*(3,924)*	*-6.3%*	*12,876*	*28.5%*
Joint Facilities Maintenance	836,825	863,694	746,190	(90,635)	-10.8%	(117,504)	-13.6%
Salaries	*496,628*	*500,045*	*418,300*	*(78,328)*	*-15.8%*	*(81,746)*	*-16.3%*
Retirement - CalPERS	*232,082*	*248,398*	*215,662*	*(16,419)*	*-7.1%*	*(32,736)*	*-13.2%*
Healthcare (Medical / Dental)	*85,219*	*94,634*	*92,197*	*6,978*	*8.2%*	*(2,438)*	*-2.6%*
Other	*22,897*	*20,616*	*20,031*	*(2,866)*	*-12.5%*	*(585)*	*-2.8%*
Joint Facilities Laboratory	187,746	198,956	200,909	13,163	7.0%	1,953	1.0%
Salaries	*103,448*	*111,556*	*111,286*	*7,838*	*7.6%*	*(270)*	*-0.2%*
Retirement - CalPERS	*49,879*	*50,289*	*51,286*	*1,406*	*2.8%*	*996*	*2.0%*
Healthcare (Medical / Dental)	*28,807*	*32,512*	*32,307*	*3,500*	*12.1%*	*(205)*	*-0.6%*
Other	*5,612*	*4,599*	*6,031*	*418*	*7.5%*	*1,432*	*31.1%*
Joint Facilities Administration	350,047	402,355	369,696	19,649	5.6%	(32,660)	-8.1%
Salaries	*202,510*	*237,356*	*213,404*	*10,895*	*5.4%*	*(23,952)*	*-10.1%*
Retirement - CalPERS	*108,245*	*121,860*	*113,054*	*4,809*	*4.4%*	*(8,806)*	*-7.2%*
Healthcare (Medical / Dental)	*28,807*	*33,354*	*32,258*	*3,451*	*12.0%*	*(1,096)*	*-3.3%*
Other	*10,486*	*9,786*	*10,980*	*494*	*4.7%*	*1,194*	*12.2%*
Subtotal Operating Salaries & Benefits	**$ 10,191,723**	**$ 10,558,513**	**$ 10,390,303**	**$ 198,580**	**1.9%**	**$ (168,210)**	**-1.6%**
Retiree Health Care Program							
Annual OPEB Trust Contribution / Pay-Go							
District	450,499	359,420	473,024	22,525	5.0%	113,604	31.6%
Plant	177,160	163,944	186,018	8,858	5.0%	22,073	13.5%
Subtotal Retiree Healthcare Program	**$ 627,659**	**$ 523,364**	**$ 659,042**	**$ 31,383**	**5.0%**	**$ 135,678**	**25.9%**
Total Personnel Expenses	**$ 10,819,382**	**$ 11,081,877**	**$ 11,049,345**	**$ 229,963**	**2.1%**	**$ (32,532)**	**-0.3%**

Administration Expense Summary
Fiscal Year 2026 Mid - Year Budget Analysis

	FY 2025	FY 2026		$ Change	% Change	$ Change	% Change
Description	**Actual**	**Budget**	**Projected**	**FY25Act. - FY26 Proj.**	**FY25Act. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**
Labor Expenses:							
Salaries & Benefits	$ 3,343,175	$ 3,307,014	$ 3,509,145	$ 165,970	5.0%	$ 202,130	6.1%
District Retiree Health Care	450,499	359,420	473,024	22,525	5.0%	113,604	31.6%
Interdepartmental Allocations	(612,279)	(525,000)	(625,000)	(12,721)	2.1%	(100,000)	19.0%
Net Personnel Expenditures	**$ 3,181,395**	**$ 3,141,434**	**$ 3,357,169**	**$ 175,774**	**5.5%**	**$ 215,735**	**6.9%**
Non-Labor Expenses:							
Board Support	$ 37,387	$ 28,756	$ 35,368	$ (2,019)	-5.4%	$ 6,612	23.0%
Property & Liability Insurance	164,419	175,000	194,045	29,625	18.0%	19,045	10.9%
Office Supplies	68,275	72,000	60,224	(8,051)	-11.8%	(11,776)	-16.4%
Information Technology	318,438	386,500	358,144	39,706	12.5%	(28,356)	-7.3%
Other Office Expense	112,789	135,000	149,796	37,007	32.8%	14,796	11.0%
Contract Services / Conservation	616,773	590,000	552,138	(64,635)	-10.5%	(37,862)	-6.4%
Training & Development	41,663	46,000	42,773	1,110	2.7%	(3,227)	-7.0%
Total Non-Labor	**$ 1,359,744**	**$ 1,433,256**	**$ 1,392,488**	**$ 32,743**	**2.4%**	**$ (40,768)**	**-2.8%**
Expenses Before Depreciation	**$ 4,541,139**	**$ 4,574,690**	**$ 4,749,656**	**$ 208,517**	**4.6%**	**$ 174,966**	**3.8%**
Total Depreciation & Amortization	$ 3,082,769	$ 3,100,000	$ 3,100,000	$ 17,231	0.6%	$ -	0.0%
Total Net Expenses	**$ 7,623,908**	**$ 7,674,690**	**$ 7,849,656**	**$ 225,748**	**3.0%**	**$ 174,966**	**2.3%**

Engineering & Planning Expense Summary
Fiscal Year 2026 Mid - Year Budget Analysis

	FY 2025	FY 2026		$ Change	% Change	$ Change	% Change
Description	**Actual**	**Budget**	**Projected**	**FY25Act. - FY26 Proj.**	**FY25Act. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**
Labor Expenses:							
Salaries & Benefits	**$ 843,159**	**$ 939,133**	**$ 1,050,612**	**$ 207,452**	**24.6%**	**$ 111,479**	**11.9%**
Non-Labor Expenses:							
Drafting & Mapping	3,115	4,000	3,527	412	13.2%	(473)	-11.8%
Engineering Services	54,576	240,000	232,500	177,924	326.0%	(7,500)	-3.1%
Other Expenses	51,886	43,500	32,896	(18,991)	-36.6%	(10,604)	-24.4%
Total Non-Labor	**$ 109,578**	**$ 287,500**	**$ 268,923**	**$ 159,345**	**145.4%**	**$ (18,577)**	**-6.5%**
Total Expenses	**$ 952,737**	**$ 1,226,633**	**$ 1,319,535**	**$ 366,798**	**38.5%**	**$ 92,902**	**7.6%**

Operations & Maintenance Expense Summary
Fiscal Year 2026 Mid - Year Budget Analysis

	FY 2025	FY 2026		$ Change	% Change	$ Change	% Change
Description	**Actual**	**Budget**	**Projected**	**FY25Act. - FY26 Proj.**	**FY25Act. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**
Labor Expenses:							
Salaries & Benefits	**$ 2,703,175**	**$ 2,991,211**	**$ 2,734,001**	**$ 30,825**	**1.1%**	**$ (257,210)**	**-8.6%**
Non-Labor Expenses:							
System Operations	269,703	283,000	269,706	3	0.0%	(13,294)	-4.7%
Facilities Maintenance	361,330	421,000	388,249	26,919	7.5%	(32,751)	-7.8%
Construction	1,051,453	1,138,000	1,087,313	35,860	3.4%	(50,687)	-4.5%
Meter & Backflow Services	66,445	48,000	79,427	12,983	19.5%	31,427	65.5%
Safety	45,926	57,500	37,388	(8,538)	-18.6%	(20,112)	-35.0%
Total Non-Labor	**$ 1,794,856**	**$ 1,947,500**	**$ 1,862,083**	**$ 67,227**	**3.7%**	**$ (85,417)**	**-4.4%**
Total Expenses	**$ 4,498,031**	**$ 4,938,711**	**$ 4,596,084**	**$ 98,052**	**2.2%**	**$ (342,627)**	**-6.9%**

Joint Facilities Cost Allocation
Fiscal Year 2026 Mid-Year Budget Analysis

	FY2025	FY 2026	FY 2026	$ Change	% Change	$ Change	% Change	FY 2026 Mid-Year Allocated Cost		Percentage	
Description	**Actual**	**Budget**	**Projection**	**FY25Act. - FY26 Proj.**	**FY25Act. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**	**FY26 Budg. - FY26 Proj.**	**SDWD**	**SFID**	**SDWD**	**SFID**
Operations & Maintenance											
Local Water Costs & Reimbursements	**$ 11,600**	**$ 0**	**$ 675,000**	**$ 663,400**	**5719.0%**	**$ 675,000**	**-**	**$ 288,023**	**$ 386,978**	42.67%	57.33%
Operating Costs											
Salaries & Wages / Benefits	$ 3,302,214	$ 3,321,155	$ 3,213,577	$ (88,637)	-2.7%	$ (107,578)	-3.2%	$ 1,221,159	$ 1,992,418	38.00%	62.00%
Retiree Healthcare	177,160	163,944	186,018	8,858	5.0%	22,073	13.5%	70,687	115,331	38.00%	62.00%
District Staffing for Joint Facilities Work (SDWD Only)	227,768	212,800	237,500	9,732	4.3%	24,700	11.6%	237,500	-	100.00%	0.00%
Sub-Total Personnel Expenditures	*3,707,141*	*3,697,899*	*3,637,095*	*(70,047)*	*-1.9%*	*(60,805)*	*-1.6%*	*1,529,346*	*2,107,749*	42.05%	57.95%
Water Transportation	685,295	246,000	641,913	(43,382)	-6.3%	395,913	160.9%	273,904	368,009	42.67%	57.33%
Operations	1,595,569	1,544,000	1,499,126	(96,443)	-6.0%	(44,874)	-2.9%	569,668	929,458	38.00%	62.00%
Maintenance	668,319	855,750	669,737	1,418	0.2%	(186,013)	-21.7%	254,500	415,237	38.00%	62.00%
Laboratories	172,899	255,500	188,343	15,444	8.9%	(67,157)	-26.3%	71,570	116,773	38.00%	62.00%
Administrative / Engineering	715,146	1,419,772	1,381,005	665,859	93.1%	(38,767)	-2.7%	524,782	856,223	38.00%	62.00%
Sub-Total Non- Personnel Expenditures	*3,837,227*	*4,321,022*	*4,380,123*	*542,896*	*14.1%*	*59,101*	*1.4%*	*1,694,424*	*2,685,699*	38.68%	61.32%
Total Operating Costs (Excl. Local Water)	**$ 7,544,368**	**$ 8,018,921**	**$ 8,017,218**	**$ 472,850**	**6.3%**	**$ (1,703)**	**0.0%**	**$ 3,223,770**	**$ 4,793,448**		
Less: External Revenues											
Lake House Rent	$ 50,880	$ 45,000	$ 50,400	$ (480)	-0.9%	$ 5,400	12.0%	$ 21,506	$ 28,894	42.67%	57.33%
Cell Site Revenue	39,697	-	-	(39,697)	-100.0%	-	-	-	-	38.00%	62.00%
Total Revenues	**$ 90,577**	**$ 45,000**	**$ 50,400**	**$ (40,177)**	**-44.4%**	**$ 5,400**	**12.0%**	**$ 21,506**	**$ 28,894**		
Net Operating Reimbursements from Districts	**$ 7,465,392**	**$ 7,973,921**	**$ 8,641,818**	**$ 1,176,426**	**15.8%**	**$ 667,897**	**8.4%**	**$ 3,202,265**	**$ 4,764,554**		

Joint Facilities Cost Allocation
Fiscal Year 2026 Mid-Year Budget Analysis

Description	FY2025 Actual	FY 2026 Budget	FY 2026 Projection	$ Change FY25Act. - FY26 Proj.	% Change FY25Act. - FY26 Proj.	$ Change FY26 Budg. - FY26 Proj.	% Change FY26 Budg. - FY26 Proj.	FY 2026 Mid-Year Allocated Cost SDWD	FY 2026 Mid-Year Allocated Cost SFID	Percentage SDWD	Percentage SFID
Capital Improvement & Acquisition											
Capital Acquisition											
PLC for Chemical Feed Continued Updates		40,000	38,161			(1,839)	-4.6%	$ 17,172	$ 20,989	45.00%	55.00%
TOC Analyzer Replacement		50,000	50,000			-	0.0%	22,500	27,500	45.00%	55.00%
Master Backwash Actuator Replacement		40,000	34,374			(5,626)	-14.1%	15,468	18,906	45.00%	55.00%
Polymer Premix / Injection Unit		150,000	139,418			(10,582)	-7.1%	62,738	76,680	45.00%	55.00%
Flashmix Pump Replacement		25,000	17,361			(7,639)	-30.6%	7,812	9,549	45.00%	55.00%
Caustic Tank Replacement		160,000	142,741			(17,259)	-10.8%	64,233	78,508	45.00%	55.00%
Chlorine Analyzers (3)		55,000	19,068			(35,932)	-65.3%	8,581	10,487	45.00%	55.00%
Security Monitor Addition		8,000	-			(8,000)	-100.0%	-	-	45.00%	55.00%
Automated 30" Bypass valve		75,000	75,000			-	0.0%	32,003	42,998	42.67%	57.33%
Kitchen Repairs / Updates		50,000	50,000			-	0.0%	22,500	27,500	45.00%	55.00%
San Dieguito Reservoir Fencing Repairs / Camera Installation		75,000	120,426			45,426	60.6%	54,192	66,234	45.00%	55.00%
SCADA Server Replacements		216,000	216,000			-	0.0%	97,200	118,800	45.00%	55.00%
RE Badger Master Switch Replacement		-	22,091			22,091	-	9,941	12,150	45.00%	55.00%
Cielo Pump Station Seal Replacement		-	17,954			17,954	-	7,600	10,354	42.33%	57.67%
Anthracite Filter Media Replacement / Addition		-	18,400			18,400	-	8,280	10,120	45.00%	55.00%
Replacement of Equalization Pond Gate Valve		-	27,303			27,303	-	12,286	15,017	45.00%	55.00%
Security Camera Software Replacement		-	30,000			30,000	-	13,500	16,500	45.00%	55.00%
Total Capital Acquisition		**$ 944,000**	**$ 1,018,297**			**$ 74,297**	**7.9%**	**$ 456,007**	**$ 562,290**		
Capital Improvement Projects											
San Dieguito Dam Repair		250,000	580,000			330,000	132.0%	247,486	332,514	42.67%	57.33%
Clearwell Solar		1,916,250	1,916,250			-	0.0%	862,313	1,053,938	45.00%	55.00%
R.E. Badger Leach Field Replacement		479,500	-			(479,500)	-100.0%	-	-	45.00%	55.00%
Anode Bed Replacement		200,000	100,000			(100,000)	-50.0%	45,000	55,000	45.00%	55.00%
Filter Surface Washwater Header and Associated Piping		300,000	275,000			(25,000)	-8.3%	123,750	151,250	45.00%	55.00%
Total Capital Improvement Projects		**$ 3,145,750**	**$ 2,871,250**			**$ (274,500)**	**-8.7%**	**$ 1,278,549**	**$ 1,592,702**		
Less: Capital Grant Revenue / Reimbursement											
CalOES / FEMA SCADA (SLCGP)		$ -	$ 250,000			$ 250,000	-	$ 112,500	$ 137,500	45.00%	55.00%
Net Capital Reimbursements from Districts		**$ 4,089,750**	**$ 3,639,547**			**$ (450,203)**	**-11.0%**	**$ 1,622,055**	**$ 2,017,492**		

Capital Acquisition Budget Detail
Fiscal Year 2026

	SFID %	FY26 Total Budget*	FY26 Mid-Yr	$ Change	% Change
District Administration / Operations					
Fire Safety PPE/Emergency Response Equipment	100.00%	$ 15,000	$ 13,347	$ (1,653)	-11.0%
Emergency Water Trailer	100.00%	40,000	40,000	-	0.0%
Water Service Emergency Highline Materials	100.00%	15,000	15,000	-	0.0%
Cement Mixing Trailer Replace	100.00%	30,000	28,496	(1,504)	-5.0%
3 Yard Dump Bed Truck	100.00%	90,000	-	(90,000)	-100.0%
Phase 1 PLC Upgrades for remote PRS	100.00%	35,000	32,917	(2,083)	-6.0%
Yard Material Bins Covers/Drainage	100.00%	50,000	50,000	-	0.0%
Unit #11 Stakebed Body Refresh	100.00%	20,000	20,558	558	2.8%
Phase I AMI (10yr) Meter / Register Replacements	100.00%	215,000	215,000	-	0.0%
440 Glenmont House Roof Repairs	100.00%	55,000	-	(55,000)	-100.0%
Larrick Reservoir Warehouse Paint/Stucco/Wood Repairs	100.00%	40,000	40,000	-	0.0%
Admin Building Master Switch Replacement	100.00%	52,000	34,556	(17,444)	-33.5%
Unit 2 / 3 F-250 Super Duty	100.00%	-	141,613	141,613	-
Admin Building Emergency Generator Repairs	100.00%	-	10,510	10,510	-
Replacement of 1/2 Ton Unit 14 for PZEV	100.00%	-	75,000	75,000	-
Total District Administration / Operations		**$ 657,000**	**$ 716,997**	**$ 59,997**	**9.1%**
Joint Facilities					
PLC for Chemical Feed Continued Updates	55.00%	$ 40,000	$ 38,161	$ (1,839)	-4.6%
TOC Analyzer Replacement	55.00%	50,000	50,000	-	0.0%
Master Backwash Actuator Replacement	55.00%	40,000	34,374	(5,626)	-14.1%
Polymer Premix / Injection Unit	55.00%	150,000	139,418	(10,582)	-7.1%
Flashmix Pump Replacement	55.00%	25,000	17,361	(7,639)	-30.6%
Caustic Tank Replacement	55.00%	160,000	142,741	(17,259)	-10.8%
Chlorine Analyzers (3)	55.00%	55,000	19,068	(35,932)	-65.3%
Security Monitor Addition	55.00%	8,000	-	(8,000)	-100.0%
Automated 30" Bypass valve	57.33%	75,000	75,000	-	0.0%
Kitchen Repairs / Updates	55.00%	50,000	50,000	-	0.0%
San Dieguito Reservoir Fencing Repairs / Camera Installation	55.00%	75,000	120,426	45,426	60.6%
SCADA Server Replacements	55.00%	216,000	216,000	-	0.0%
RE Badger Master Switch Replacement		-	22,091	22,091	-
Cielo Pump Station Seal Replacement		-	17,954	17,954	-
Anthracite Filter Media Replacement / Addition		-	18,400	18,400	-
Replacement of Equalization Pond Gate Valve		-	27,303	27,303	-
Security Camera Software Replacement			30,000	30,000	-
Total Joint Facilities		**$ 944,000**	**$ 1,018,297**	**$ 74,297**	**7.9%**
TOTAL SFID / SDWD Capital Acquisitions		**$ 1,601,000**	**$ 1,735,294**	**$ 134,294**	**8.4%**

** Represents entire budget, including SFID / SDWD share. SDWD reimbursements for CAP are included as non-operating revenues.*

Capital Improvement Budget Summary
Fiscal Year 2026

PROJECT NUMBER	PROJECT NAME / DESCRIPTION	PROJECT STATUS	SFID %	TOTAL ESTIMATED COST*	FY26 BUDGET EXPENDITURE PROJECTION	FY26 MID-YEAR EXPENDITURE PROJECTION
	DISTRICT ONLY					
2302	District Yard Small-Scale Solar Array	Construction	100.00%	$ 396,803	$ 150,000	$ 325,000
TBD	El Camino Real Widening - City SD	Construction	100.00%	766,000	100,000	-
2501	La Granada Pipeline Replacement and PRS Elimination Project	Design/Construction	100.00%	3,151,800	1,000,000	230,000
2502	Larrick Reservoir and Pump Station Upgrades Project	Design/Construction	100.00%	4,761,306	1,500,000	600,000
TBD	24-inch Pipeline Realign/Replace - El Camino Real and Santa Luisa	Design/Construction	100.00%	3,157,283	750,000	440,000
	GENERAL DISTRICT CIP SUBTOTAL			**$ 12,233,192**	**$ 3,500,000**	**$ 1,595,000**
	JOINT FACILITIES (SFID & SDWD)					
2451	San Dieguito Dam Repair	Cosntruction	57.33%	865,000	250,000	580,000
2450	Clearwell Solar	Construction	55.00%	2,156,250	1,916,250	1,916,250
2351	R.E. Badger Leach Field Replacement	Feasibility / Design	55.00%	514,500	479,500	-
2550	Anode Bed Replacement	Construction	55.00%	250,000	200,000	100,000
2354	Filter Surface Washwater Header and Associated Piping	Construction	55.00%	1,645,760	300,000	275,000
	JOINT FACILITIES CIP SUBTOTAL			**$ 13,440,589**	**$ 3,145,750**	**$ 2,871,250**
	CIP PROGRAM TOTAL			**$ 25,673,781**	**$ 6,645,750**	**$ 4,466,250**

SFID %	% SDWD	SFID $	SDWD $
57.33%	42.67%	332,514	247,486
55.00%	45.00%	1,053,938	862,313
55.00%	45.00%	-	-
55.00%	45.00%	55,000	45,000
55.00%	45.00%	151,250	123,750
		$ 1,592,702	$ 1,278,549

67.2%

Reserve Policy Funding

Reserve Fund	Target	Current
Capital Improvement & Replacement	Minimum	$ 8,940,000
Rate Stabilization	20% Variable Water Sales	$ 5,090,897
Operating	60 Days	$ 6,021,841
Lake Hodges Fund	Board Determined	$ 10,400,000
Actual Total Designated Reserves		**$ 30,452,738**

Fund Balance Impacts from FY26 Mid-Year Budget Projections

		Projected	FY 25 EOY	# Days Cash **
Beginning Cash Balance	A	$ 40,135,533		
Operating Income		$ 37,545,457		
Non-Operating Income		7,741,714		
Sub-Total	**B**	**$ 45,287,171**		
Operating Expense*		$ 35,986,319		
Capital Expense		6,201,544		
Sub-Total	**C**	**$ 42,187,863**		
Net Cash Impact	**D=B-C**	**$ 3,099,308**		
Ending Cash Balance	**A-D**	**$ 43,234,841**	**$ 40,135,533**	**485.6**
Total Designated Reserves		**$ 30,452,738**	**$ 30,452,738**	**342.0**
Funds for Future Ratepayer Benefit		**$ 12,782,103**	**$ 9,682,795**	**143.6**

** Does not include depreciation / amortization as a non-cash expense*

*** Based on FY26 Mid-Year operating expenditure projection*

ATTACHMENT B

KPI #	KPI	Goal	FY25 Actual	FY26 Projection	Comments / Variance Explanation For FY25 Actual	Comments / Variance Explanation For FY26 Projection	Department
1	Average, typical single-family residential bill (SDCWA members)	<33rd Percentile	<33rd Percentile	<33rd Percentile	New rates implemented January 1st still have the majority of customers at or below 1/3		Administration
2	Compliance with state requirement AB1668 - District water budget	TBD	N/A	N/A		Budget is not required to be strictly adhered to, though monitored by Staff	Administration
3	Compliance with state requirement SBX 7-7 (gallons per capita / day)	< 510	~439	~423	FY25 was dryer than normal	FY26 is anticipated to be more "normalized" rainfall'	Administration
4	Participation rate in customer survey	25%	N/A	N/A		Customer survey was initially discussed at AFC and Staff plan on returning to discuss final proposal in FY26	Administration
5	# attendees at water seminar(s) / landscape classes held by District	100	15	TBD			Administration
6	Number of customers enrolled in District AMI portal (as a % of total District customers - goal of 60% by FY31)	20%	22%	24%	Current system does not distinguish between active / clsoed accounts (1,460 total users)		Administration
7	% of District main phone line calls not answered by live customer service representative	<1%	<1%	<1%			Administration
8	# of updates of current and developing legislation and regulations at District Board meeting	9	9	9			Administration
9	% customers on auto-pay (goal of 60% by FY31)	30%	52%	55%	Implementation of customer drive auto-pay with Xpress Pay has increased use, including ability to use credit card or bank account		Administration
10	Employee voluntary turnover annually	<=5%	11%	9.0%	This percentage includes one retirement and four resignations, two of which included disciplined employees and three of which were Utility Workers.	One employee resigned, the Utility Worker has been susceptible to resignation and five employees have a strong potential to retire (two are included in projected percentage).	Administration
11	Percentage of distribution and treatment employees with certifications/education above minimum requirements for their job	67%	69%	67%	This KPI is consistently met or exceeded because SFID supports training and development along with a culture of going above and beyond.	This KPI is consistently met or exceeded because SFID supports training and development along with a culture of going above and beyond.	Administration
12	Percentage of performance evaluations completed within 30 days from anniversary	90%	55%	85%		Part-time help has supported HR in diligently tracking and sending regular reminders of performance evaluation deadlines.	Administration
13	Development / review for compliance with OPEB and pension funding policy	Y	Y	Y			Administration
14	Proposition 26 fees reviewed within last 3 years	Y	Y	Y		Completed in FY26	Administration
15	Completion of cost-of-service study within last 5 years	Y	Y	Y	Completed in FY25		Administration

KPI #	KPI	Goal	FY25 Actual	FY26 Projection	Comments / Variance Explanation For FY25 Actual	Comments / Variance Explanation For FY26 Projection	Department
16	Compliance with all Board adopted financial policies (Budget, Reserves, Debt, Treasurer, etc.)	Y	Y	Y			Administration
17	# of Table top emergency response plan exercises conducted	2	2	2			Administration
18	Annual District rate increase / revenue requirement within 3% of San Diego / Carlsbad CPI-U, less water supply costs	Y	Y	Y	FY25 cost of service implemented a 2% District rate increase	CY26 increase for District O&M/capital bypassed due to positive financial condition	Administration
19	Performed assessment of Drought Contingency Plan for short-term water reliability	Y	Y	Y			Engineering
20	Annual Capital Improvement Program (CIP) expenditures as % of adopted budget	90%	19%	67%	Project timelines were delayed due to bidding requirements and material acquisition timelines, among others	Projects are currently moving forward with design, new asset management master plan will produce more actionable budgetary figures	Engineering
21	CIP construction change orders as % of yearly program	<5%	3.7%	<2%			Engineering
22	# day to update GIS base maps from receipt of system change	<30	<30	<30			Engineering
23	Dig Alert Tickets responded to within 48 hours	100%	100%	100%			Engineering
24	# of unplanned disruptions greater than 4 hours	<6	<6	<6			Ops & Maint
25	Number of system valves replaced per year	15	13	15	Number varies, based on competing priorities		Ops & Maint
26	# leaks in fiscal year	<10	12	<10	Represents "mainline" leaks. Number of leaks per mile of pipeline remains well below industry average and trends with SFID historical running annual average		Ops & Maint
27	System water loss / non-revenue water %	<=5%	-1.1%	<=5%	In Compliance with SWRCB Water Loss Standard		Ops & Maint
28	# pressure regulating stations serviced per year	7	10	7	Number varies based on previous service interval		Ops & Maint
29	# of valves exercised per year	1,260	1,305	1,305			Ops & Maint
30	% of annual water treatment plant shutdowns completed on time	100%	100%	100%			Treatment
31	# violations for primary and secondary water quality standards	0	0	0	No Tier 1 Violations		Treatment
32	# public tours conducted per year	3	5	6	Includes		Treatment

The mission of Santa Fe Irrigation District is to meet the water supply needs of all its customers — safely, sustainably, reliably, and cost-effectively.

BOARD REPORT

TO: Administrative & Finance Committee

FROM: Albert C. Lau, P. E.

INITIATED BY: Seth Gates, Director of Administrative Services

DATE: February 10, 2026

SUBJECT: Recommend the Board of Directors Approve a $2.3 Million Increase in the Designated Fund Balance of the Lake Hodges Fund

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Strategic Focus Area:

GOAL 5. Sustainable and Effectively Managed Finances

Recommendation:

It is the Staff recommendation that the Administrative and Finance Committee recommend that the Board of Directors:

1. Approve a $2,300,000 increase in the designated fund balance for the Lake Hodges Fund, increasing the total fund balance from $10.4 million to $12.7 million.

Alternatives:

Recommend an alternative funding amount or recommend no modification.

Background:

In November 2023, the Board approved an update to the District's Reserve Policy establishing a new unrestricted reserve entitled the "Lake Hodges Dam Fund." This fund was created to segregate monies that may be utilized for District operating or capital expenditures related to both the existing Lake Hodges Dam and a future replacement dam. The fund was established in response to mandated restrictions by the Division of Safety of Dams (DSOD), including reduced lake levels and the expressed intention of the City of San Diego to begin construction of a new dam by December 31, 2029. The City may contend that the District is responsible for approximately 14.33% of eligible operations, maintenance, and capital expenditures under the 2014 amended and restated agreement with the City.

During the FY24 year-end reserve designation process, Staff recommended, and the Board approved, the designation of $10.4 million within the Lake Hodges Fund. This balance reflects potential obligations for: 1.) emergency repairs and potential reimbursements associated with the existing dam, and 2.) planning and design cost exposure for a replacement dam. The $10.4 million balance was developed based on the District's potential responsibility for two separate items: 1.) the design cost sharing for the District, and 2.) the accumulated operations and maintenance (O&M) costs incurred by the City and estimates for future cost sharing. For a then-estimated $300 million replacement dam cost in 2022 dollars, design costs were estimated at 15% of the total cost of the future year's inflated cost, or $8.6 million. The O&M costs were estimated out until 2028, when these costs would cease to be incurred by the City, which totaled and estimated $1.8 million for the District.

This set-aside was a prudent financial decision to create a pool of funding that would be used for these potential one-time expenditures to mitigate future rate impacts, in addition to demonstrating fiscal preparedness to ratepayers and the public.

Discussion:

The District is currently engaged in litigation against the City of San Diego regarding Lake Hodges–related obligations and expenditures, in which the trial may begin in July 2026. Given the complexity of the case, the District and its counsel expects significant costs for discovery, expert review, depositions, trial preparation, and the potential for a lengthy trial.

Based on this, Staff is recommending setting aside an additional $2.3 million within the Lake Hodges Fund to ensure that sufficient resources are available to support the District's legal position without unplanned impacts to operating budgets or customer rates

This proactive modification is consistent with the District's commitment to prudent financial planning and transparency. Establishing a dedicated litigation reserve will provide financial expenditures and predictability for upcoming legal expenditures, and aid in avoiding sudden ratepayer impacts or mid-year budget disruptions.

This recommended designation would also reinforce public confidence that the District is responsibly planning for these major potential obligations and the fight for our ratepayers to restore / protect local water resources and their best fiscal interests.

Fiscal Impact:

Designation of an additional $2.3 million would reduce funds for future ratepayer benefit. Based on the FY26 Mid-Year Budget analysis provided by Staff in this agenda, this additional designation would reduce the funds for future ratepayer benefit estimated at FY26 year-end from approximately $12.7 million to $10.4 million. These funds for future ratepayer benefit are a source of funds that the Board of Directors has full discretion to appropriate and expend, or to designate to reserves, for whatever legal purposes they should determine best protects our ratepayers' best interests. Staff believe that this designation of an additional $2.3 million in funds accomplishes this due to the aforementioned reasons.

The FY25 year-end funds for future rate payer benefit equaled $9.7 million, with the growth anticipated in FY26 coming primarily from the utilization of local water in addition to anticipated capital improvement projects spending delays. With the designation of these additional funds, the anticipated FY26 year-end funds for future ratepayer benefit would still exceed FY25 year-end levels by approximately $0.7 million, leaving the Board of Directors a continuing high level of discretion on how to potentially use these funds for the alternative highest and best purpose(s) for ratepayer benefit that they should determine.

The mission of Santa Fe Irrigation District is to meet the water supply needs of all its customers — safely, sustainably, reliably, and cost-effectively.

BOARD REPORT

TO: Administrative & Finance Committee

FROM: Albert C. Lau, P. E.

INITIATED BY: Seth Gates, Director of Administrative Services

DATE: February 10, 2026

SUBJECT: Review of San Diego County Water Agency Rate Comparison

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Strategic Focus Area:

GOAL 5. Sustainable and Effectively Managed Finances

Recommendation:

It is the Staff recommendation that the Administrative and Finance Committee review the San Diego County water agency rate comparison and determine if this information should be reviewed by the full Board of Directors.

Alternatives:

N/A

Background:

At their November 20th meeting, the Board of Directors approved the pass-through of CY26 rates and charges by the San Diego County Water Authority (SDCWA) and declined to increase District rates for operations & maintenance and capital spending. At this meeting, Staff presented a comparison of District rates against other San Diego

County at then current District rates, District rates with SDCWA pass-through only, and District rates with SDCWA pass-through and a 2% District increase. At this time, the Board of Directors requested that Staff return to the Administrative & Finance Committee with an updated agency comparison after January 1st, when all other agencies would have adjusted their rates for their SDCWA pass-through in addition to their own internal agency rate increases.

Discussion:

Attachment A outlines current rates (shown as bill comparisons for ¾" through 2" single-family residential customers at the average consumption levels for the District for each meter size) for all San Diego County water agencies as of February 1st, 2026. The agencies with an asterisk by their name indicate that these agencies have not as of yet published their 2026 rates and are the rates that were previously presented at the November 20th meeting. For further discussion and information, Staff has included a rates comparison showing these 2026 rates in addition 2021 rates for ¾" through 1.5" single-family residential meters (as Staff only calculated up to 1.5" in 2021) to illustrate the change in each agency's bill comparisons. The differences between 2021 and 2026 are primarily due to SDCWA pass-through costs, with each agency experiencing different impacts due to their own internal revenue requirements and cost-of-service adjustments (i.e. rate structure changes and / or tier pricing changes).

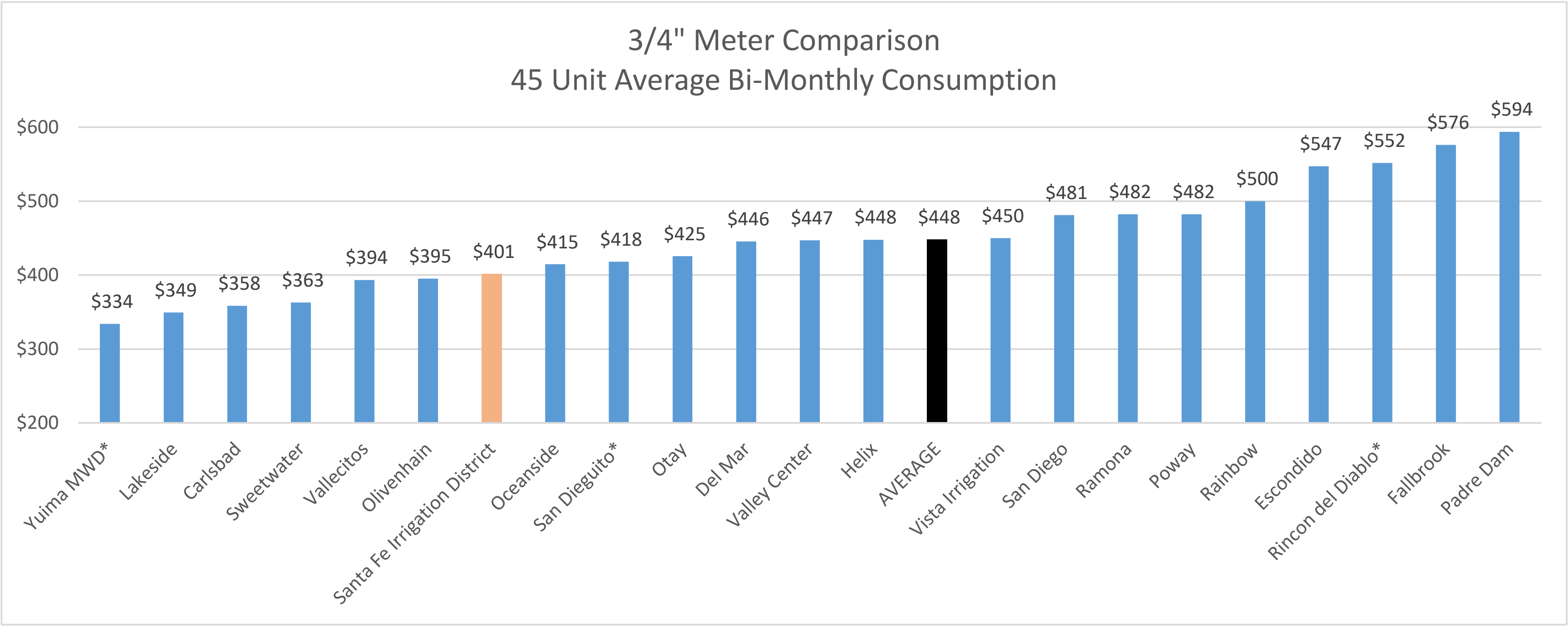
Fiscal Impact:

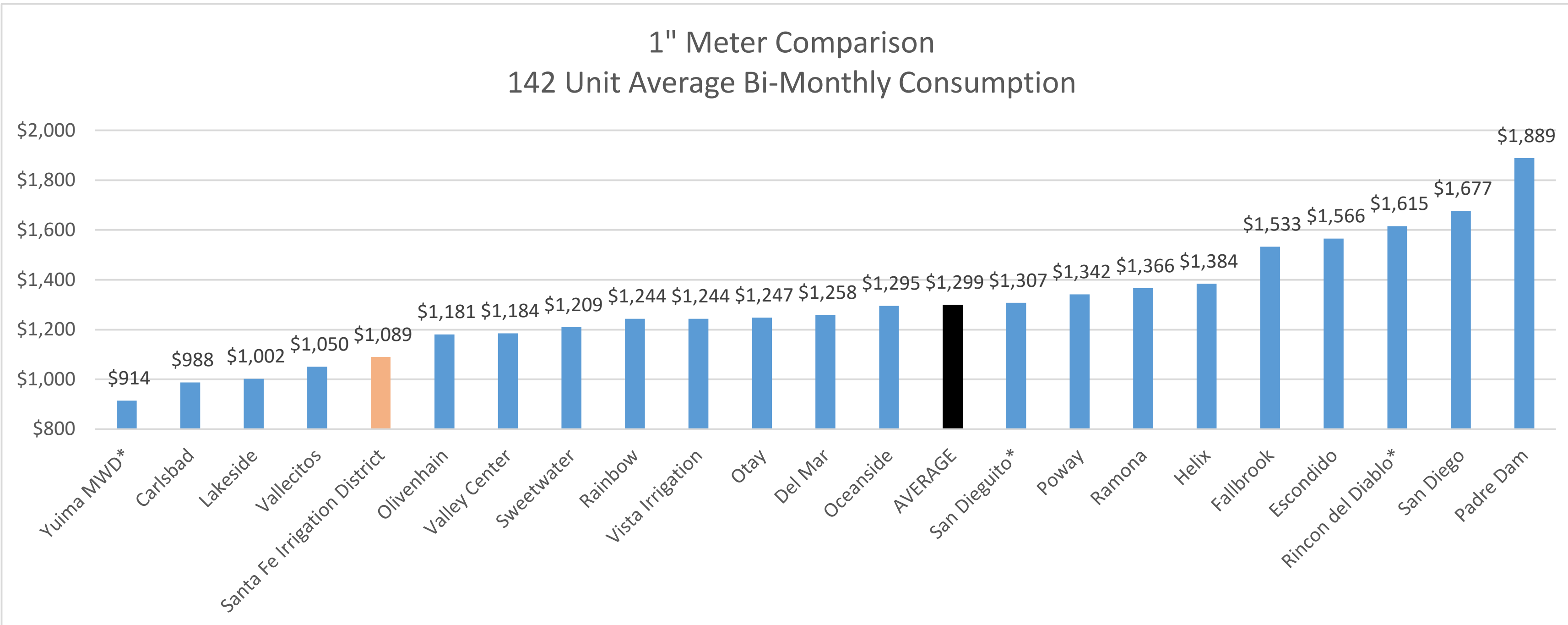
There is no fiscal impact associated with this review and is for informational/discussion purposes only.

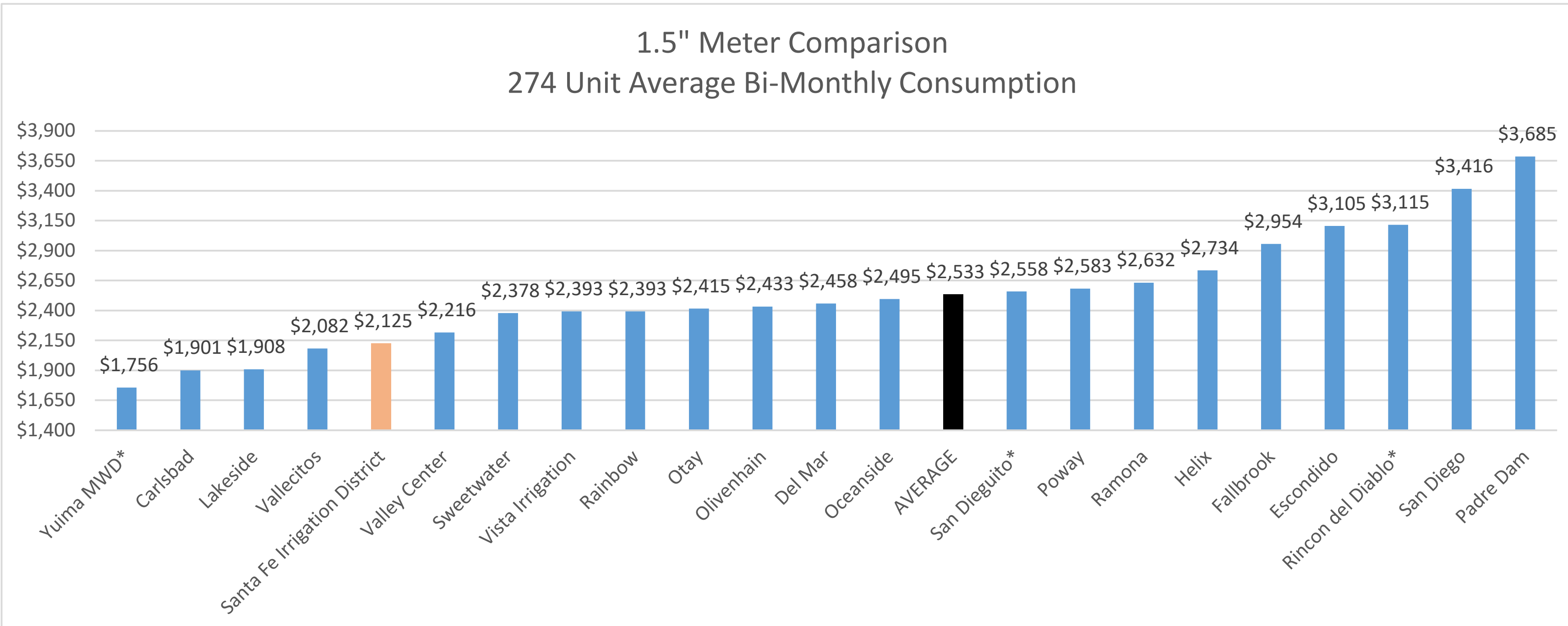
Attachment A: Current Agency Bill Comparison for ¾" – 2" single-family residential meters

Attachment B: Historical Agency Bill Comparison for ¾" – 1.5" single-family residential meters

ATTACHMENT A




1" Meter Comparison
142 Unit Average Bi-Monthly Consumption
$2,000
$1,800
$1,600
$1,400
$1,200
$1,000
$800
$914
$988
$1,002
$1,050
$1,089
$1,181
$1,184
$1,209
$1,244
$1,244
$1,247
$1,258
$1,295
$1,299
$1,307
$1,342
$1,366
$1,384
$1,533
$1,566
$1,615
$1,677
$1,889
Yuima MWD*
Carlsbad
Lakeside
Vallecitos
Santa Fe Irrigation District
Olivenhain
Valley Center
Sweetwater
Rainbow
Vista Irrigation
Otay
Del Mar
Oceanside
AVERAGE
San Dieguito*
Poway
Ramona
Helix
Fallbrook
Escondido
Rincon del Diablo*
San Diego
Padre Dam


1.5" Meter Comparison
274 Unit Average Bi-Monthly Consumption
$3,900
$3,650
$3,400
$3,150
$2,900
$2,650
$2,400
$2,150
$1,900
$1,650
$1,400
$1,756
$1,901
$1,908
$2,082
$2,125
$2,216
$2,378
$2,393
$2,393
$2,415
$2,433
$2,458
$2,495
$2,533
$2,558
$2,583
$2,632
$2,734
$2,954
$3,105
$3,115
$3,416
$3,685
Yuima MWD*
Carlsbad
Lakeside
Vallecitos
Santa Fe Irrigation District
Valley Center
Sweetwater
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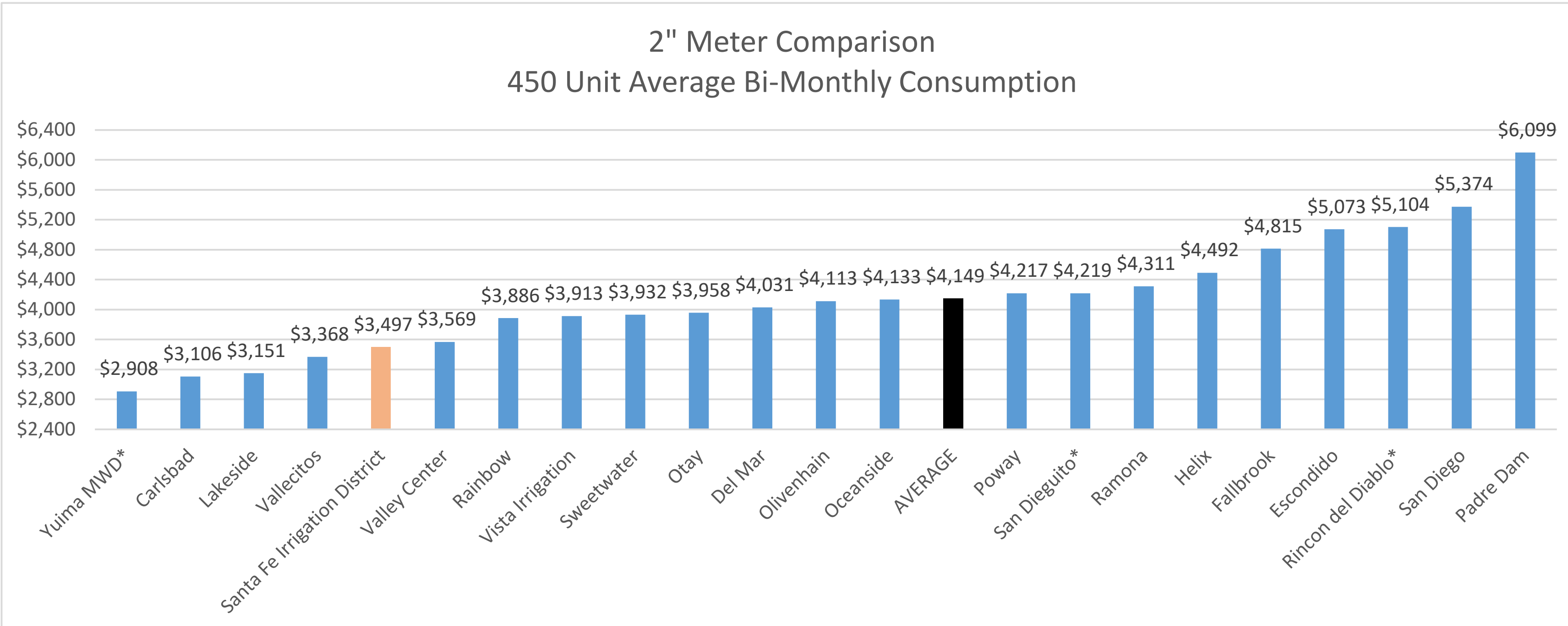
Fallbrook
Escondido
Rincon del Diablo*
San Diego
Padre Dam


2" Meter Comparison
450 Unit Average Bi-Monthly Consumption
$6,400
$6,000
$5,600
$5,200
$4,800
$4,400
$4,000
$3,600
$3,200
$2,800
$2,400
$2,908
$3,106
$3,151
$3,368
$3,497
$3,569
$3,886
$3,913
$3,932
$3,958
$4,031
$4,113
$4,133
$4,149
$4,217
$4,219
$4,311
$4,492
$4,815
$5,073
$5,104
$5,374
$6,099
Yuima MWD*
Carlsbad
Lakeside
Vallecitos
Santa Fe Irrigation District
Valley Center
Rainbow
Vista Irrigation
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Del Mar
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Helix
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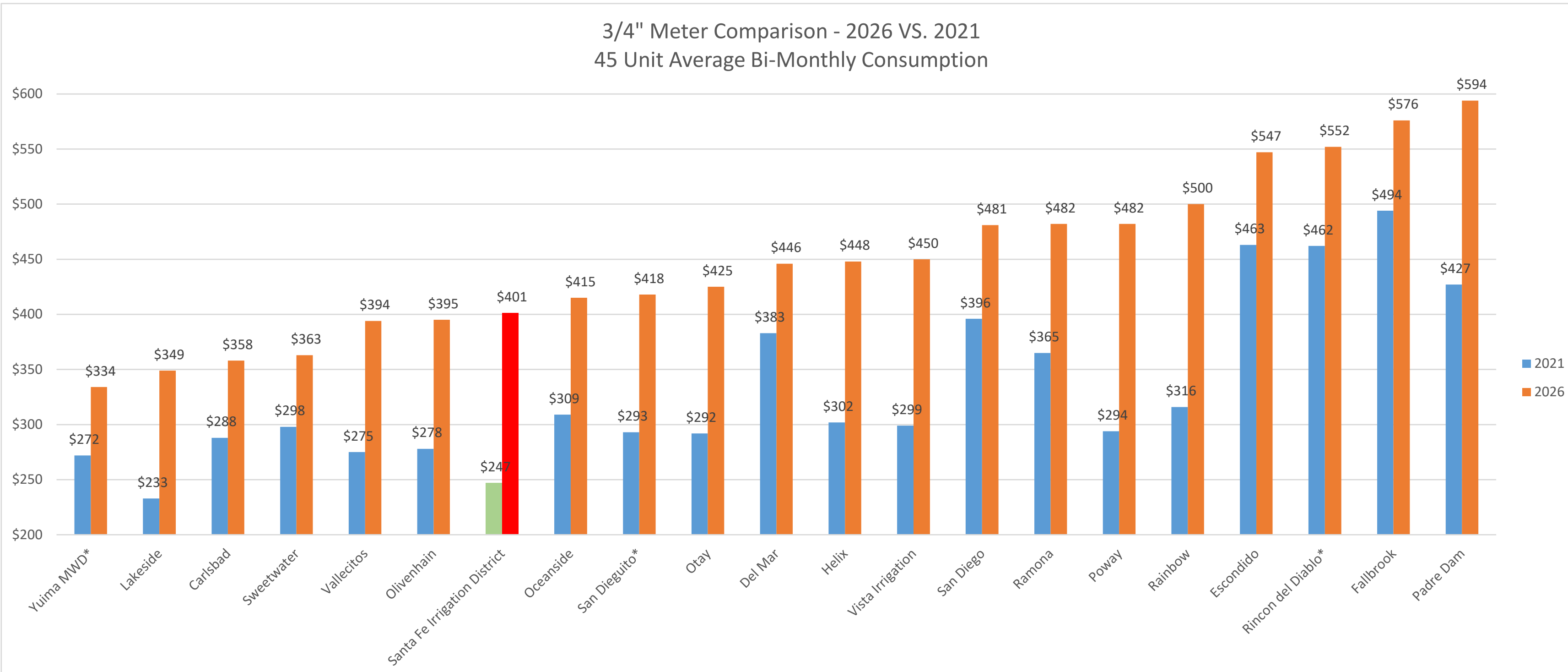
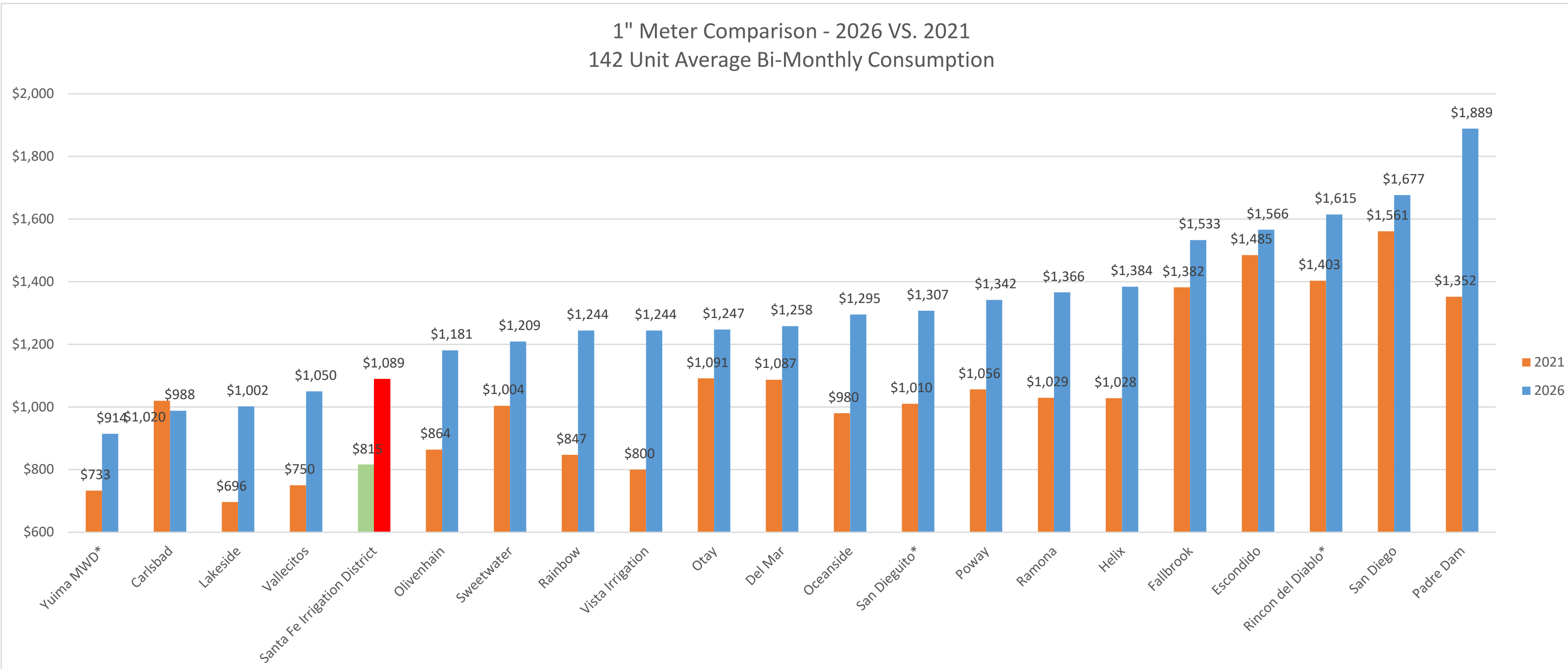
Rincon del Diablo*
San Diego
Padre Dam

ATTACHMENT B





1" Meter Comparison - 2026 VS. 2021
142 Unit Average Bi-Monthly Consumption
$2,000
$1,800
$1,600
$1,400
$1,200
$1,000
$800
$600
$733
$914
$1,020
$988
$696
$1,002
$750
$1,050
$815
$1,089
$864
$1,181
$1,004
$1,209
$847
$1,244
$800
$1,244
$1,091
$1,247
$1,087
$1,258
$980
$1,295
$1,010
$1,307
$1,056
$1,342
$1,029
$1,366
$1,028
$1,384
$1,382
$1,533
$1,485
$1,566
$1,403
$1,615
$1,561
$1,677
$1,352
$1,889
Yuima MWD*
Carlsbad
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Olivenhain
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Otay
Del Mar
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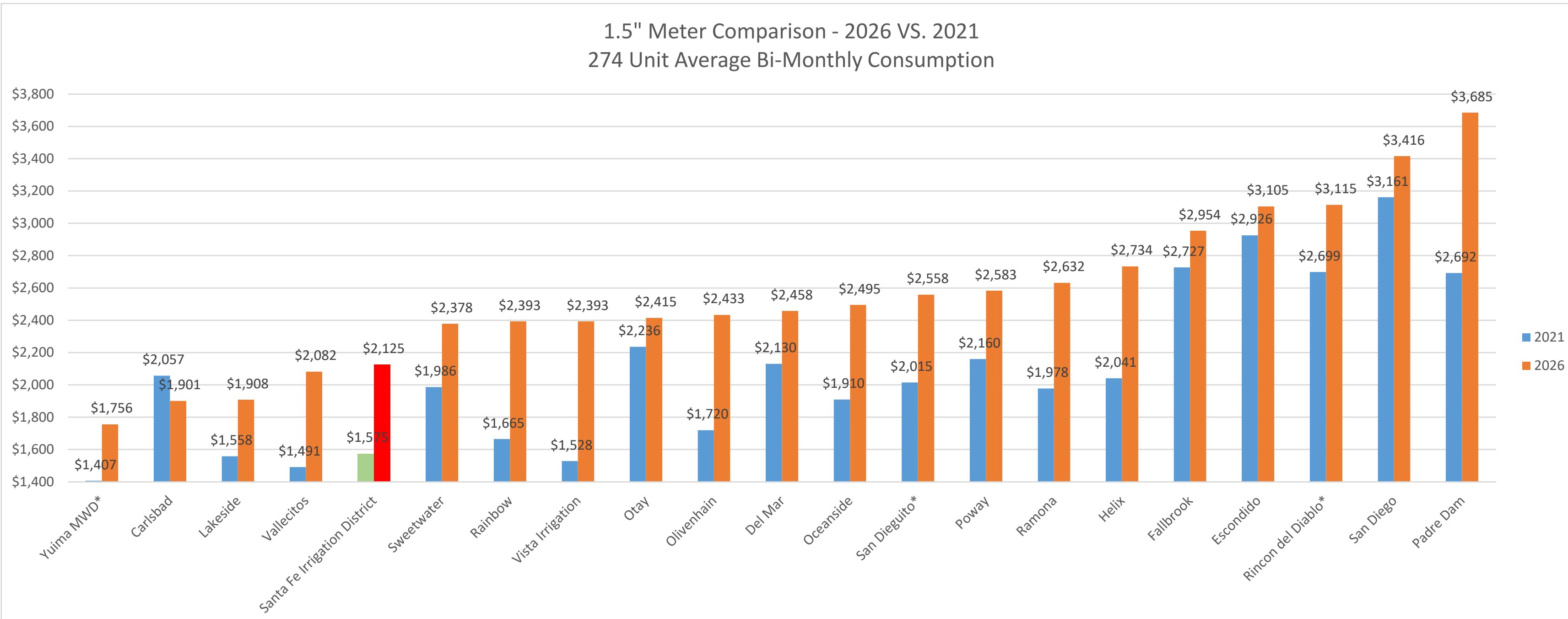
San Dieguito*
Poway
Ramona
Helix
Fallbrook
Escondido
Rincon del Diablo*
San Diego
Padre Dam
2021
2026


1.5" Meter Comparison - 2026 VS. 2021
274 Unit Average Bi-Monthly Consumption
$3,800
$3,600
$3,400
$3,200
$3,000
$2,800
$2,600
$2,400
$2,200
$2,000
$1,800
$1,600
$1,400
$1,407
$1,756
$2,057
$1,901
$1,558
$1,908
$1,491
$2,082
$1,575
$2,125
$1,986
$2,378
$1,665
$2,393
$1,528
$2,393
$2,236
$2,415
$1,720
$2,433
$2,130
$2,458
$1,910
$2,495
$2,015
$2,558
$2,160
$2,583
$1,978
$2,632
$2,041
$2,734
$2,727
$2,954
$2,926
$3,105
$2,699
$3,115
$3,161
$3,416
$2,692
$3,685
Yuima MWD*
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Otay
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San Dieguito*
Poway
Ramona
Helix
Fallbrook
Escondido
Rincon del Diablo*
San Diego
Padre Dam
2021
2026

	Preliminary 2026 AFC Meeting Agenda Items List
March	Director Expenses (Monthly)
	GM Expenses (Monthly)
	Investment Transaction Report (Monthly)
	Receive and File Actuarial Evaluation (even years)
	Review District's Long-range Financial Plan
	Communications Plan Update
April	Director Expenses (Monthly)
	GM Expenses (Monthly)
	Investment Transaction Report (Monthly)
	Quarterly Treasurer's Report
	Review of FY 20__ Proposed Budget
	Annual Review of Draft FY 20__ CIP and CAP Acquisition Budgets
May	Director Expenses (Monthly)
	GM Expenses (Monthly)
	Investment Transaction Report (Monthly)
	Review Final Draft of FY 2026 District Budget
	Discussion on Ratepayer Benefits on Various Financial Options
June	Director Expenses (Monthly)
	GM Expenses (Monthly)
	Investment Transaction Report (Monthly)
	Review FY26 Budget Revisions
July ***(No AFC Meeting)***	Director Expenses (Monthly)
	GM Expenses (Monthly)
	Investment Transaction Report (Monthly)
	Quarterly Treasurer's Report (Quarterly)
	Receive and File Annual Report of Reimbursements and Compensation Paid to Directors and Other Expenses

	Preliminary 2026 AFC Meeting Agenda Items List
July *(No AFC Meeting)*	Consider a Resolution Setting Fixed Charge Special Assessment
	Customer Survey
	Establishing an Appropriation Limit for the District for Fiscal Year Commencing July 1, 20__
August	Director Expenses (Monthly)
	GM Expenses (Monthly)
	Investment Transaction Report (Monthly)
	Cyber-Security Update (Annual) - Closed Session
	Update on Public Supply Annual Report (PSAR)
BULLPEN	Annexation Fees
	Annual Review Credit Card Fee Policy
	Biennial Cyber-Security Update (even years)
	AMI Portal
	Monthly Billing Considerations
	Proposed Policy on the Use of Machine Learning and Artificial Intelligence
	Review Capacity Fee Policy