

# FISCAL YEAR 2026 PROPOSED BUDGET

## Strategic Plan Goals:

- Provide an Abundant, Local, Reliable and Safe Water Supply
- Perpetually Renew and Improve our Infrastructure
- Be Financially Responsible and Transparent
- Increase Favorable Opinion of Mesa Water
- Attract, Develop and Retain Skilled Employees
- Provide Excellent Customer Service
- Actively Participate in Regional and Statewide Water Issues



# Mesa Water

- Financially Strong
- AAA ratings

**STANDARD  
& POOR'S**

**Fitch Ratings**



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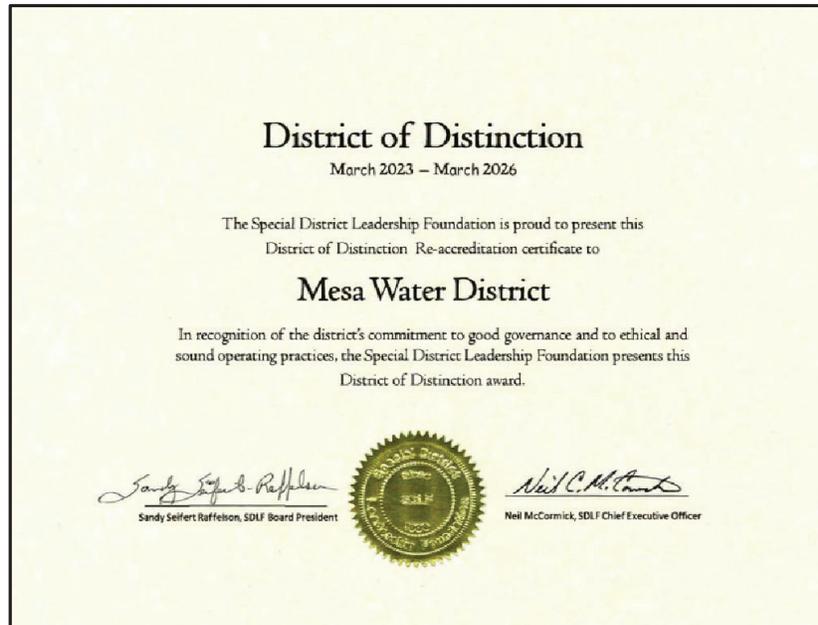
# Committed to Transparency



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## District of Distinction



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## Budget Assumptions

- Decrease in budgeted water production by 2%. FY 2026 budgeted potable water production of 15,678 Acre Feet (AF) vs. 15,998 AF in FY 2025.
- Second/Third year of approved 5-year rate adjustments adopted in 2023.
- BPP for FY 2026 remained at 85% as in FY 2025
- Replenishment Assessment (RA) increased \$22 to \$711

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# Budget Assumptions

## Increased Water Costs:

Fiscal Year		Per Acre Foot			
		Replenishment Assessment	Recycled Water	Imported Variable Cost	LRP Grant
2022	Actual	507	905	1,104/1,143	160
2023	Actual	558	932	1,143/1,209	163
2024	Actual	624	960	1,209/1,256	166
2025	Actual	689	989	1,256/1,395	169
2026	Budget	711	1,019	1,395/1,528	--

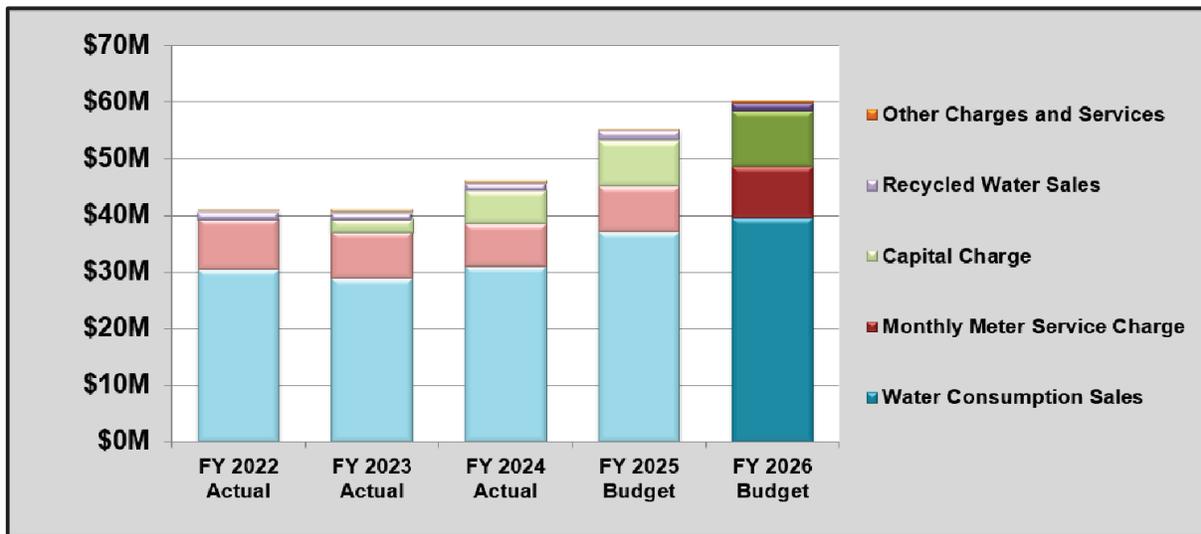


# FY 2026 Proposed Budget

- FY 2026 Budget funds the Board’s objectives and supports the goals of the Strategic Plan
- FY 2026 Budget Operating Revenues increased by 9.0% to \$60.3 MM from \$55.3 MM
- Operating Expenses increased by 7.4% in the FY 2026 budget to \$41.1 MM from \$38.3 MM



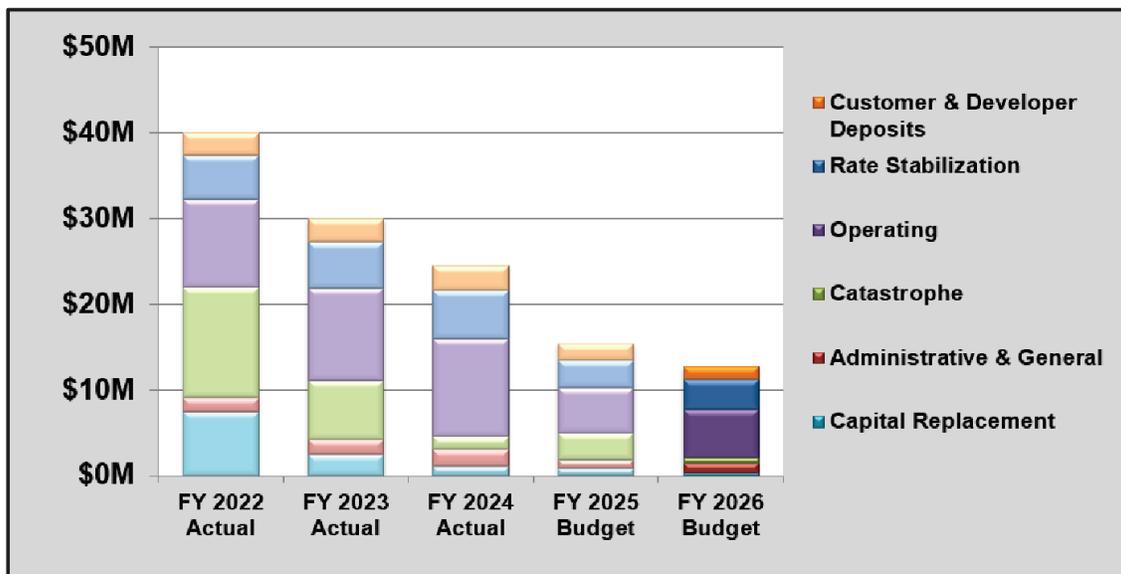
# Operating Revenue



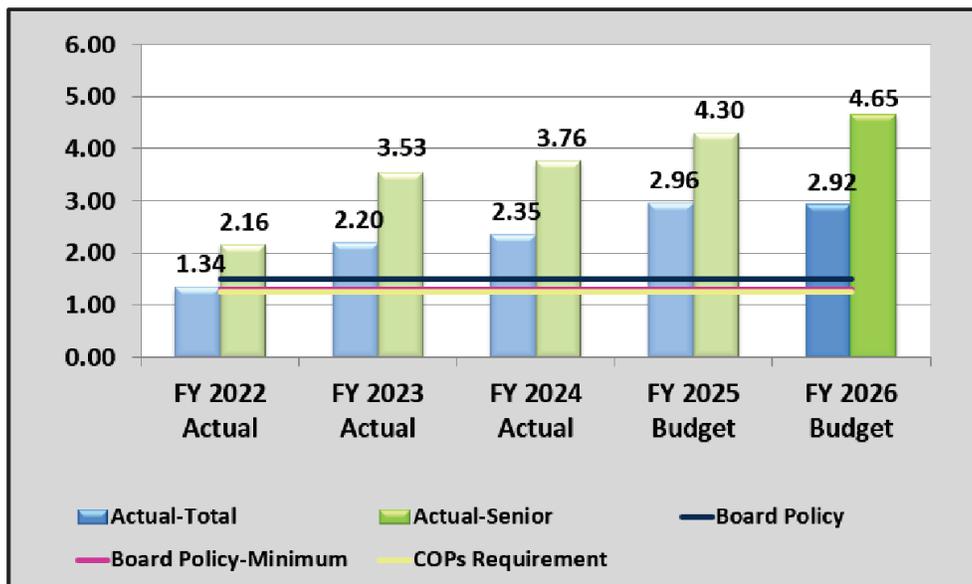
## FY 2026 Proposed Budget

- Debt Service of \$6.9 MM in FY 2026 vs. \$6.9 MM in FY 2025
- Capital Expenditures is \$13.4 MM with focus on Water Infrastructure (Reservoirs 1 and 2 pump system upgrade, water system master plan, and operations routine capital), the CIS and ERP software upgrades
- Full Time Equivalent employees is proposed at 61 in FY2026 compared with 56 in FY2025.

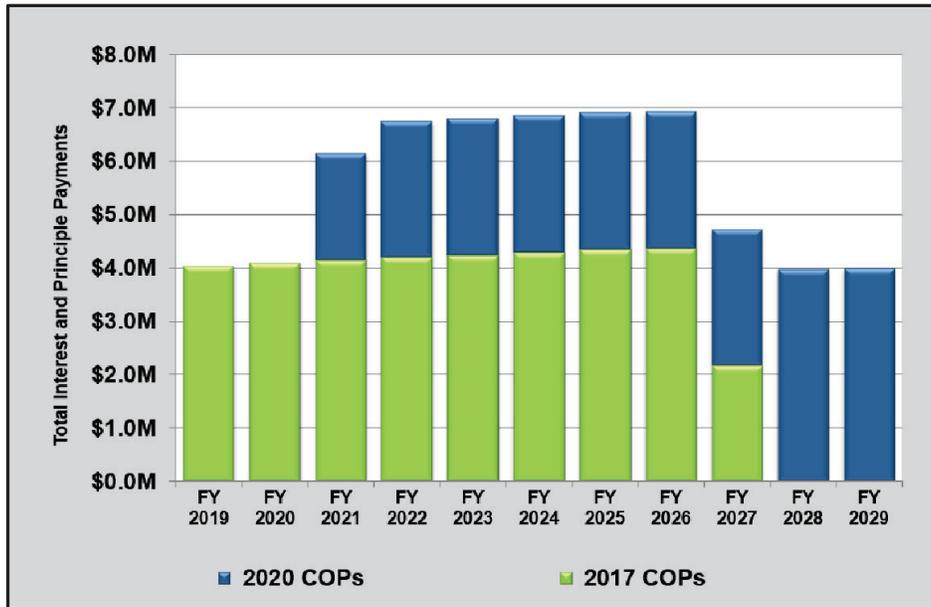
# Designated Funds



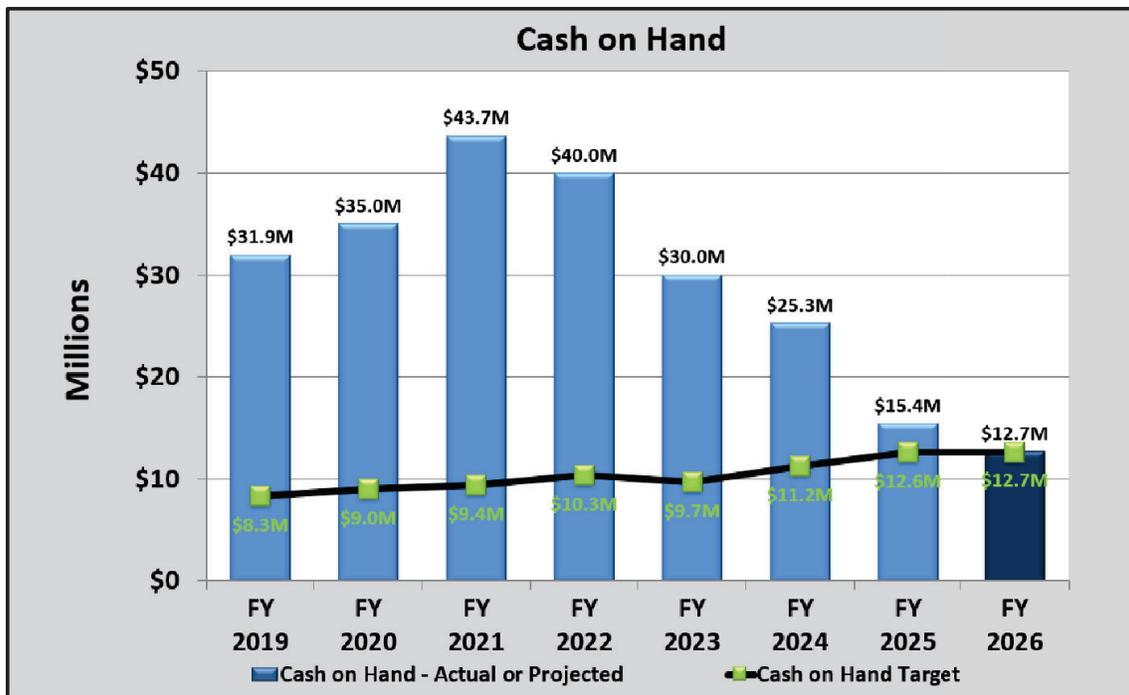
# Debt Service Coverage Ratio



# Debt Service Payments

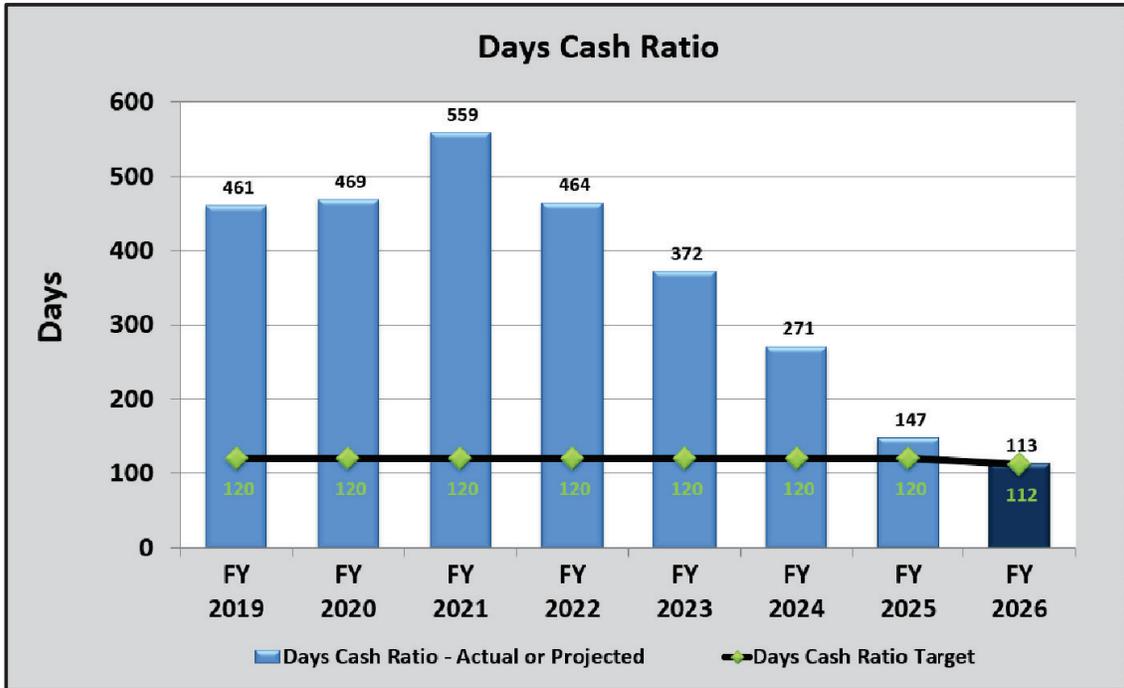


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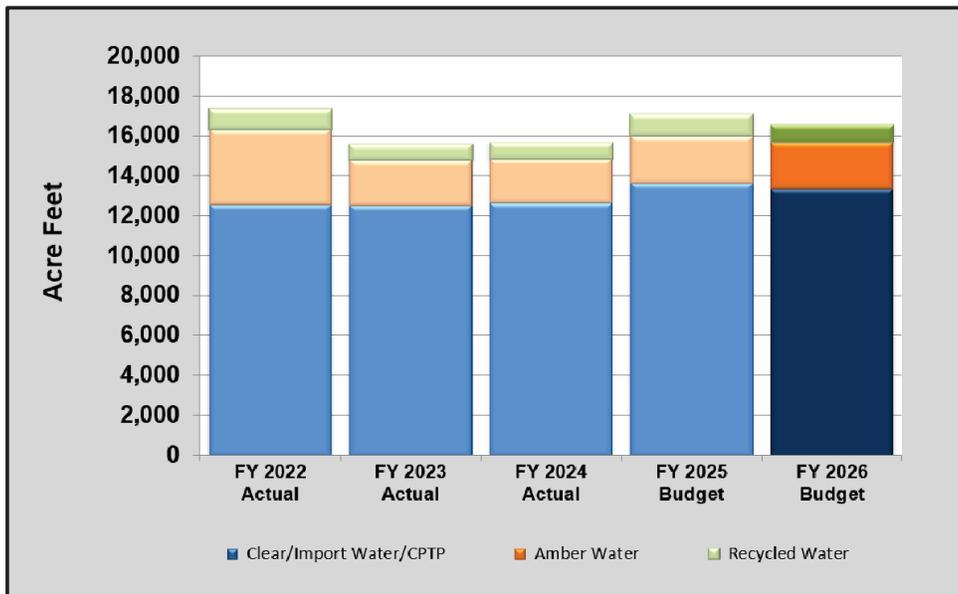


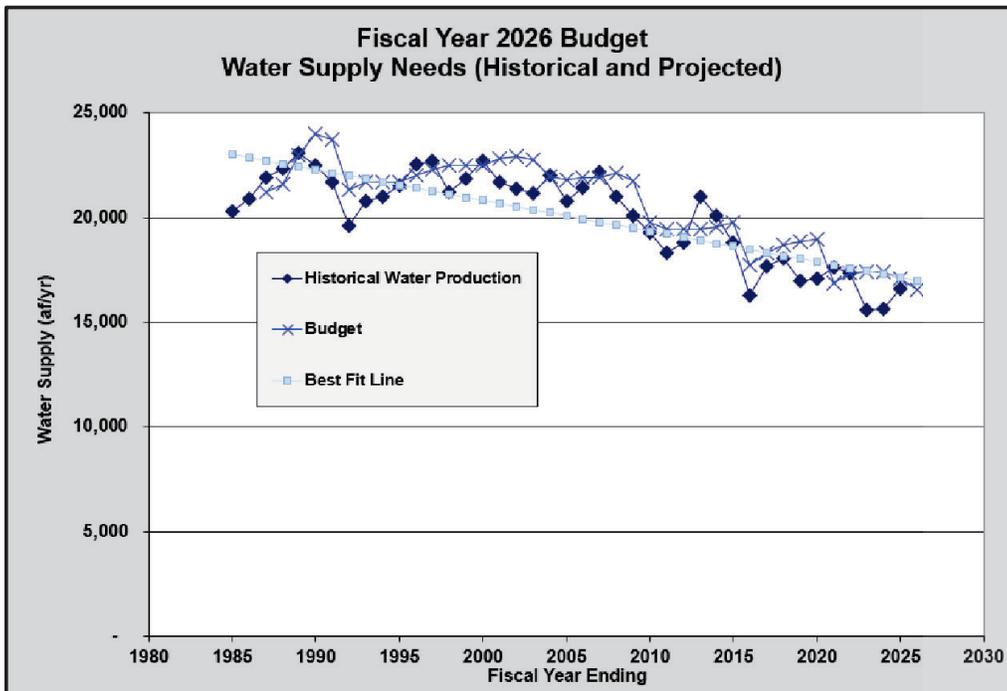
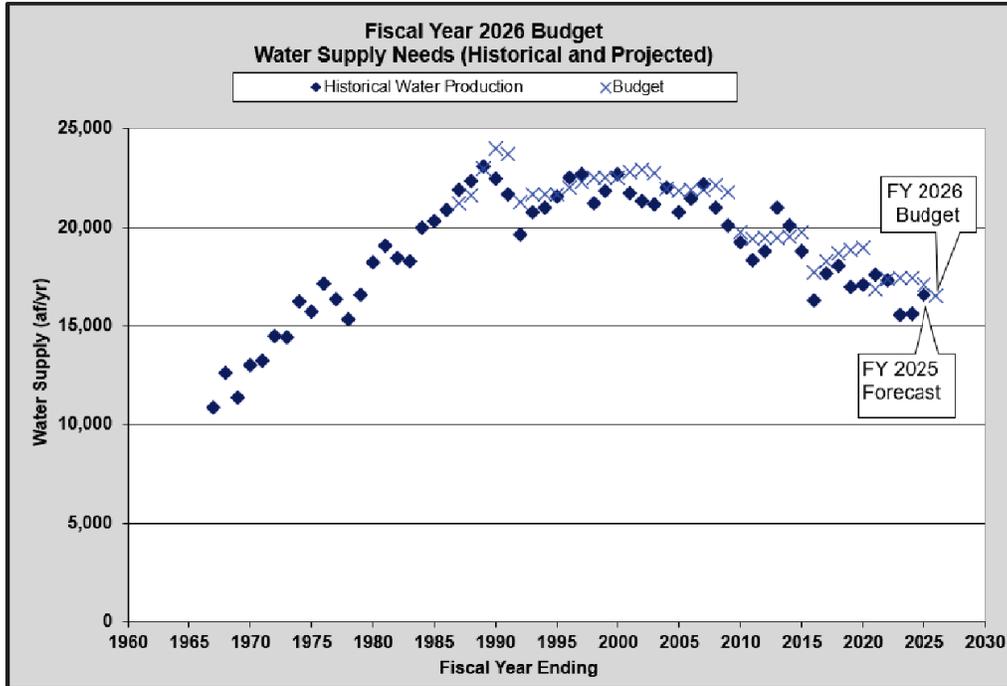
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## Water Production (AF)

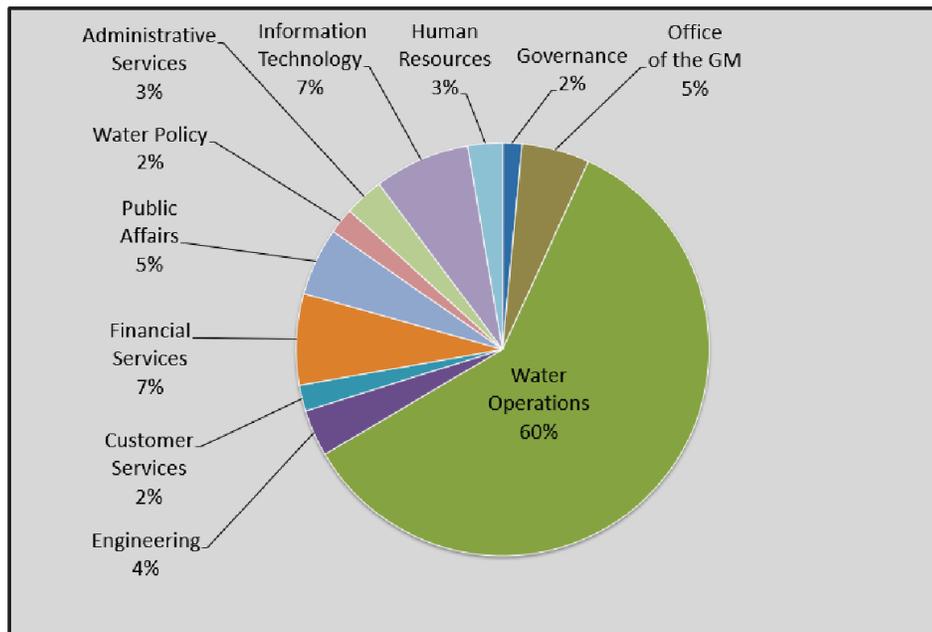




## Conservation Impact on Billing Rate

	FY 2026 Budget	Peak Year 1989
Acre Feet Produced	15,678	23,089
Less: Estimated Water Loss (6%)	941	1,385
Acre Feet Consumed	14,737	21,704
FY 2026 Budgeted Water Sales	\$39,524,176	
Blended Annual Billing Rate - CCF	\$6.16	\$4.18
Cost of Conservation in dollars		\$1.98
Cost of Conservation in percentage		47.3%

## Operating Expenses by Department As a Percentage

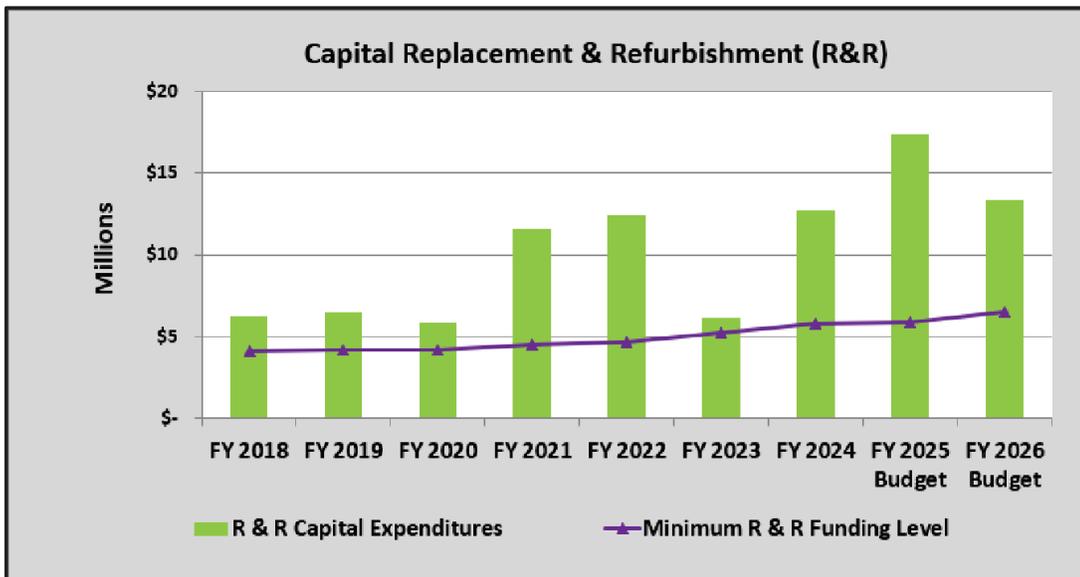


# Capital

Description	Amount	Percent of Total
Reservoirs 1 and 2 Pump Station Upgrades Project	\$ 9,175,000	68.5%
Operations Routine Capital (Hyd., Valves, Meters, etc.)	1,118,000	8.3%
Croddy/Chandler Pipeline Construction	634,345	4.7%
Customer Information Systems (CIS) Solution	615,800	4.6%
Enterprise Resource Planning (ERP) Solution	325,200	2.5%
Internal Labor, Material, Overhead	275,255	2.1%
Neptune Meter Project	250,000	1.9%
MWRF	230,000	1.7%
Local Ground Water Supply Improvement Plan	200,000	1.5%
Pipeline Integrity Testing Program	200,000	1.5%
MWEC	125,000	0.9%
Other Agency Projects	240,000	1.8%
<b>Total Capital</b>	<b>\$ 13,391,600</b>	<b>100.0%</b>



# Capital Replacement & Refurbishment (R&R)



## District Memberships

District Memberships	FY 2026	Charity Rating
Association of California Water Agencies	\$ 29,795	NR
CalDesal	\$ 20,000	NR
California Policy Center	\$ 12,500	83%
California Data Collaborative	\$ 11,000	NR
California Special Districts Association	\$ 9,785	NR
California Municipal Utilities Association	\$ 6,105	NR
WaterReuse	\$ 5,845	NR
American Water Works Association	\$ 5,020	94%
UCI Water Board	\$ 5,000	NR
Urban Water Institute	\$ 5,000	53%
California Water Efficiency Partnership	\$ 2,175	85%
Foundation for Cross Connection Control & Hydraulic Research	\$ 1,000	NR
Southern California Water Coalition	\$ 1,000	NR

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## District Memberships

District Memberships	FY 2026	Charity Rating
Costa Mesa Chamber of Commerce	\$ 850	NR
Newport Beach Chamber of Commerce	\$ 590	NR
Mountain Counties Water Resources Association	\$ 550	NR
Southwest Membrane Operator Association	\$ 400	NR
South Coast Metro Alliance	\$ 395	NR
Orange County Water Association	\$ 250	NR
Orange County Farm Bureau	\$ 100	NR
Independent Special Districts of Orange County	\$ 50	NR
<b>Total District Memberships</b>	<b>\$ 117,410</b>	

- District Memberships increased by \$1,970 in FY 2026 from FY 2025.

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## District Conferences & Seminars

Board Conferences and Seminars	FY 2026
ACWA/JPIA Fall Conference	\$ 7,500
ACWA/JPIA Spring Conference	\$ 7,500
ACWA Committee Meetings	\$ 2,000
ACWA DC Conference	\$ 1,000
ACWA Legislative Symposium	\$ 1,000
AWWA ACE Conference	\$ 1,000
CA-NV AWWA Fall Conference	\$ 1,000
CalDesal Annual Conference	\$ 1,000
California United Water Conference	\$ 1,000
CALAFCO Annual Conference	\$ 1,000
Colorado River Water Users Association Conference	\$ 1,000

## District Conferences & Seminars

Board Conferences and Seminars	FY 2026
CSDA Annual Conference	\$ 1,000
CSDA Legislative Days	\$ 1,000
H2O Women Conference	\$ 1,000
Miscellaneous Conferences & Seminars	\$ 1,000
Urban Water Institute Conferences	\$ 1,000
<b>Total Board Conferences and Seminars</b>	<b>\$ 30,000</b>

- District Conferences & Seminars increased by \$5,000 in FY 2026 from FY 2025

## Community Outreach

Community Outreach	FY 2026	Charity Rating
Orange County Fair	\$ 15,500	NR
Community Chats	\$ 15,000	--
Association of California Water Agencies	\$ 10,500	NR
Share Ourselves (SOS)	\$ 10,000	97%
Orange County Water Summit	\$ 7,500	NR
Concerts in the Park	\$ 5,000	NR
Festival of Children @ South Coast Plaza	\$ 5,000	96%
KOCI	\$ 5,000	NR
Pacific Research Institute (PRI)	\$ 5,000	94%
Seegerstrom Center Family Science and Art Festival	\$ 3,000	100%

## Community Outreach

Community Outreach	FY 2026	Charity Rating
Urban Water Institute	\$ 3,000	53%
Vanguard University Christmas	\$ 2,750	97%
Costa Mesa Chamber of Commerce - Events	\$ 2,000	NR
Newport Chamber of Commerce	\$ 2,000	NR
Southern California Water Coalition	\$ 2,000	NR
Sponsorship Requests	\$ 2,000	--
South Coast Coalition (SOCEC)	\$ 1,500	NR
Southwest Membrane Operator Association (SWMOA)	\$ 1,500	NR
Ducks Unlimited	\$ 1,300	100%
Costa Mesa Lions (Fish Fry)	\$ 1,000	NR

## Community Outreach

Community Outreach	FY 2026	Charity Rating
Newport Mesa Unified Schools Foundation	\$ 1,000	NR
Orange County Tax	\$ 1,000	NR
Power of One Foundation	\$ 1,000	50%
Save our Youth	\$ 250	96%
<b>Total Community Outreach</b>	<b>\$ 103,800</b>	

- Community Outreach Budget decreased by \$1,000 in FY 2026 from FY 2025.

## FY 2026 Budget Summary

- Proposed Budget funds Board Mission, Vision & Strategic Plan Goals
- Key Financial Goals:
  - Cash on Hand of \$12.7 MM
  - Days Cash Ratio of 113 days
- 100% reliable with locally-sourced water
- One of the most efficient water agencies in OC

# FY 2026 Budget Recommendation

- Approve the proposed FY 2026 Budget, or
- Direct staff to modify the proposed FY 2026 Budget as requested by the Board of Directors

**QUESTIONS?**

