



SCOTTS VALLEY
WATER DISTRICT

FISCAL YEAR 2026-2027
ANNUAL BUDGET



July 1, 2026 – June 30, 2027

Scotts Valley Water District

2 Civic Center Drive
Scotts Valley, CA 95066
831-438-2363
WWW.SVWD.ORG

Mission

Scotts Valley Water District delivers a sustainable, high quality water service in an environmentally responsible and financially sound manner.

Core Values

Scotts Valley Water District is:

- Innovative
- Efficient
- Adaptable
- Collaborative
- Approachable

Vision

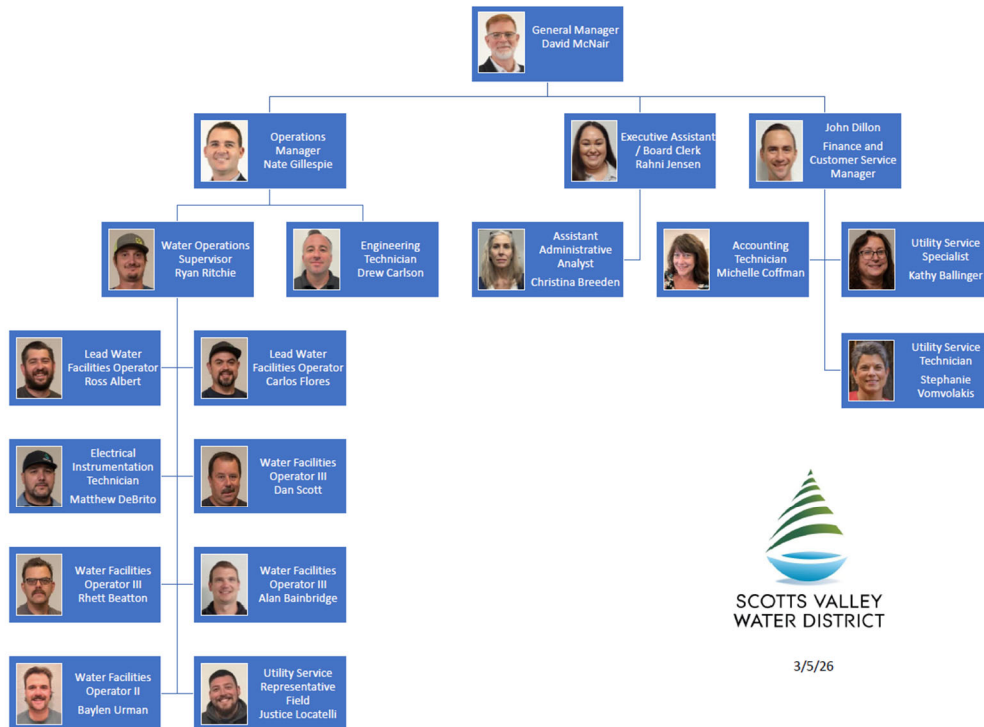
Scotts Valley Water District is a results-driven, data-oriented public agency that provides effective actions, superior customer service and visionary leadership.

Board of Directors

July 1, 2026

| Name | Title | Elected / Appointed | Current Term |
|---------------|----------------|---------------------|--------------|
| Danny Reber | Director | Elected | 2024-2028 |
| Ruth Stiles | President | Elected | 2022-2026 |
| Bill Ekwall | Vice President | Elected | 2022-2026 |
| Chris Perri | Director | Elected | 2024-2028 |
| Wade Leishman | Director | Elected | 2022-2026 |

Management and Staff



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Section 1 – General Manager’s Letter

On behalf of the team at Scotts Valley Water District, we are pleased to present our proposed Fiscal Year 2026-2027 operating and capital improvement budget and strategic workplan. This budget is intended to serve as planning tool to guide the District in implementing it’s strategic goals in the next fiscal year and beyond. The budget identifies and estimates sources of revenue and expenditures, including capital improvements and debt service.

This budget is a collaboration between District staff, department heads, and the board of directors to create a plan that is both fiscally sound and supportive of the District’s ongoing Strategic Goals:

- **Water Resource Management:** SVWD meets the water supply needs of its customers by developing new, sustainable sources and maximizing the use of existing sources.
- **Infrastructure Integrity:** SVWD provides continuous investment in its infrastructure and process improvements to ensure the efficiency of its operations.
- **Financial Stewardship:** SVWD manages its financial resources in a manner that ensures the reliability of its operations and provides the greatest value to its customers.
- **Community Engagement:** SVWD proactively creates opportunities for strategic alliances and mutually beneficial relationships with its customers and partners.
- **Organizational Vitality:** SVWD recruits and retains the highest quality employees and board members by offering a work environment in which they can thrive and succeed.

Scotts Valley Water District began Fiscal 2025-2026 with an ambitious list of project and management goals. The District’s capital improvement projects (CIP) included two major grant funded projects, the Grace Way Well project, and the system intertie with City of Santa Cruz Water Department. Also in the CIP plan were the new Sucinto Well, upgrades and maintenance to the Districts bolted steel tanks, water main replacement projects, a new pressure reducing station, and the acquisition of several new fleet vehicles.

Fiscal 2025-2026 also was an important year for District reporting. The District has begun work on an updated Urban Water Management Plan (UWMP), has engaged independent consultants for a study of water rates and connection fees, and is completing an Risk and Resilience Assessment (RRA) required by the American Water Infrastructure Act of 2018. Each of these reports is an opportunity to assess the District’s current status and identify areas for improvements in the future.

The District has also needed to respond to unexpected events brought on by local weather events. There were several emergency main breaks throughout the year, including the

sinkhole on Scotts Valley Drive near Highway 17. District staff always responds quickly and efficiently to restore service and make repairs in these events. The cost and man hours needed to complete the repairs sometimes necessitate making difficult decisions about which projects receive highest priority.

As we approach the next fiscal year, the District plans to continue making investments in its infrastructure. The Grace Way Well and Santa Cruz Intertie projects are scheduled to be completed by the end of 2026. Work is expected to begin on repairing the landslide at the Glenwood Tank site, upgrades are planned for the Monte Fiore pump station, and design work will be conducted for future main replacement projects. These projects have been identified and selected as important for keeping the District's operations efficient, reliable, and prepared to serve a growing population.

The budget and workplan that follows is intended to serve as a guide and policy document for the coming fiscal year while also providing communication and transparency to Scotts Valley Water District customers, suppliers, and other interested members of the public.

Respectfully Submitted,

David McNair

General Manager

Section 2 - Review of Fiscal 2025-2026

2021 DWR Grant Funded Projects

The district has continued work on its capital improvement plans. Major progress has been made in the construction of the new Grace Way well and the intertie with City of Santa Cruz Water Department. These projects received significant funding from a 2021 grant from the California Department of Water Resources. The new well will provide Scotts Valley with a reliable source of drinking water to support future growth and the intertie with City of Santa Cruz completes a connection of drinking water systems from Soquel Creek to San Lorenzo Valley. The connection of these systems makes it possible for the Districts to explore conjunctive use projects in the region, which can help improve the sustainability of the regions groundwater supplies through the coordinated management and combined use of surface water (rivers, lakes, and streams) and groundwater to maximize water availability, reliability, and efficiency.

Tank Maintenance and Upgrades

The District completed maintenance projects on three storage tanks. California Aquastore was selected as the contractor to complete seam resealing and safety upgrades on the District's steel bolted tanks (Glenwood, Southwood, and Recycled). The roof of Sequoia tank was recoated and received safety and ventilation upgrades. Finally, design work was completed for repairs to the Glenwood tank site, which was damaged by a landslide during a storm in Winter of 2023.

Mains

A new water main was installed on La Cuesta Dr. This main connects and creates a loop in the system to allow more flexibility in maintenance activities. A portion of water main on Granite Creek Dr was replaced, replacing a section that had experienced breaks in the past.

PRV Station

A pressure reduction valve station was installed on Meadow Way in one of the District's high water pressure zones. This is a pilot for an ongoing project to help reduce water pressure in several zones in the District. The Meadow Way PRV successfully reduced pressure in the neighborhood from 150 psi to around 50 psi. This reduction in pressure will

improve the reliability of the system and reduce the potential for leaks in customers homes and the districts mains and service lines.

Vehicle Replacement

The district replaced 3 vehicles in FY 26 and acquired the District's first electric vehicles. A 2025 Chevy Blazer EV and 2025 Ford F-150 Lightning were added to the vehicles fleet in compliance with State fleet emissions goals. The district also purchased a new Ford F250. Keeping the district's fleet up to date reduces maintenance and repair costs.

UWMP and water shortage contingency plan

The Urban Water Management Act (Act) became part of the California Water Code (CWC) with the passage of Assembly Bill 797 during the 1983-1984 regular session of the California Legislature. The CWC requires every urban water supplier providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually (AFY) to adopt and submit an Urban Water Management Plan (UWMP) every five years to the California Department of Water Resources (DWR).

In 2021, the District completed an UWMP in partnership with San Lorenzo Valley Water District. This year, the District hired Shobe Engineering to prepare a new UWMP focused only on the Scotts Valley Water District. The plan includes an updated Water Shortage Contingency Plan, which lists actions the District should take in case of extended drought or other water shortages.

Rate Study

In 2021, The District completed a Water Cost of Service and Rate Study. The study consisted of reviewing the District's long-range financial plan, developing a cost-of-service analysis, and designing and calculating water rates for the study period. The study encompassed a six-year period from FY 2021 through FY 2026 and five years of proposed rates for adoption beginning in January 2022. District staff update the financial plan each year and the Board decides whether to increase rates as prescribed in the plan or to increase them at a lower rate than planned. The Board decided to increase rates less than prescribed twice during the study period.

In October 2025, the District engaged Water Resource Economics to prepare a new rate study which includes updating the long-range financial plan, developing a cost-of-service

analyses, and designing water rates for the study period. The main objectives of the study are to prepare a rate structure that:

1. Adequately recovering all cost requirements to maintain the District's financial sufficiency
2. Developing a rate structure that is defensible, promotes the efficient use of water, and is easy for customers to understand
3. Confirming that the proposed rates developed within the study are fair and equitable and compliant with Proposition 218

AWIA Risk Resiliency Report

The America's Water Infrastructure Act (AWIA) of 2018 requires community water systems (CWSs) serving more than 3,300 people to complete a Risk and Resilience Assessment (RRA). Amended under Section 1433 of the Safe Drinking Water Act (SDWA), this federal mandate forces utilities to evaluate vulnerabilities from physical threats, cyberattacks, and natural hazards. Utilities must update and recertify these assessments every 5 years. The District has contracted with the engineering firm Hazen and Sawyer to complete the 2026 RRA. Completion is expected by the end of June 2026.

Repairs – Main breaks, sink hole

Main breaks required emergency repair work on multiple occasions in FY 2026.

- Granite Creek Main - In May/June 2025 Water main on Granite Creek broke, requiring extensive repairs. Anderson Pacific Engineering Construction completed the repair in July 2025. The cost of repairs was about \$300,000.
- Sinkhole on Scotts Valley Drive – During winter storms in January, a sinkhole formed under the road on Scotts Valley Drive, causing damage to the road surface, water mains, and electrical utilities. The District is negotiating to share repair costs with the City of Scotts Valley.

ACFR Award

For the fifth consecutive year, the District was awarded the GFOA Certificate of Achievement in Financial Reporting for its Fiscal Year 2025 Annual Comprehensive Financial Report.

Section 3 - Fiscal 2027 Outlook

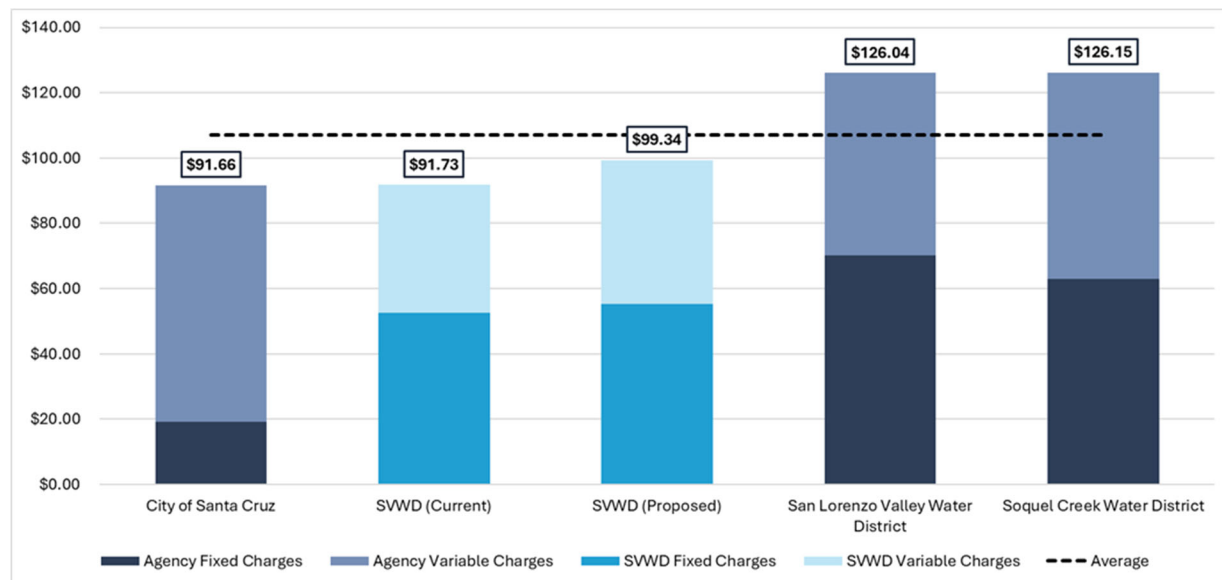
Water Demand and Supply

Per capita water usage in the District has trended down for several years thanks to improvements in water efficiency. While this has been beneficial to the District’s water supply, it means lower water sales by volume, which creates financial challenges. The population of Scotts Valley is expected to grow significantly over the next several years with several new high density housing developments already under construction and more planned in future years.

Total rainfall from Oct. 1, 2025 to April, 22, 2026, is 32.22 inches, which is 80% of the average rainfall. The District remains in Stage 1 drought conditions which requires modest conservation efforts. The District encourages customers to reduce landscape irrigation and irrigate only during certain time and promotes rebates for water-saving devices like pool covers, irrigation controllers, and water efficient toilets.

Financial Situation

Today, the District is in a secure financial position. Reserves are currently higher than minimum targets and provide funding for the District’s ongoing capital maintenance and improvements. The District is completing a five year rate study which includes a long term financial plan to ensure that revenues and expenses are balanced and capital improvement needs can be met. Scotts Valley Water District has chosen to continue moderate rate increases over the last 5 and 10 year periods. While water rates have increased, the District has kept its rates comparable with neighboring districts.



The District also receives revenue from new construction connecting to the water system. Due to State mandated housing requirements, significant growth is expected in Scotts Valley. These new constructions connection fees will contribute to the expansion and maintenance of the water system.

Section 4 - Strategic Workplan

In conjunction with the budget, Scotts Valley Water District prepares a strategic workplan for the coming fiscal year. The workplan identifies priorities and tasks for management to complete in service of the District's strategic goals:

1. **Water Resource Management:** SVWD meets the water supply needs of its customers by developing new, sustainable sources and maximizing the use of existing sources.
2. **Infrastructure Integrity:** SVWD provides continuous investment in its infrastructure and process improvements to ensure the efficiency of its operations.
3. **Financial Stewardship:** SVWD manages its financial resources in a manner that ensures the reliability of its operations and provides the greatest value to its customers.
4. **Community Engagement:** SVWD proactively creates opportunities for strategic alliances and mutually beneficial relationships with its customers and partners.
5. **Organizational Vitality:** SVWD recruits and retains the highest quality employees and board members by offering a work environment in which they can thrive and succeed.

SCOTTS VALLEY WATER DISTRICT WORK PLAN FY 2027

| STRATEGIC GOALS MANAGEMENT OBJECTIVES | FY 2027 TASKS | P/O |
|--|--|-----|
| 1. Water Resource Management: SVWD meets the water supply needs of its customers by developing new, sustainable sources and maximizing the use of existing sources. | | |
| 1.1 Pursue the potential of wastewater for beneficial uses | Work with City PW's staff as they develop treatment plant upgrades. Ensure new processes benefit the ongoing production of recycle water and is expandable if needed. | O |
| | Ensure RWTP plant upgrades will continue to meet the terms of the City/District Recycle Water Production Agreement as this will maintain the production capacity needed for future recycle water irrigation demand. | O/P |
| | Work with City PW's staff as they start advanced planning for the membrane plant. Begin financing discussions and discuss possible ad hoc committee formation. | O |
| 1.2 Identify and implement conjunctive use projects in the region | Continue conjunctive use discussions with SLVWD. Be an advocate for SLVWD during their EIR process to expand points of use for their surface water sources. Continue discussions concerning their Loch Lomond entitlement. | O |
| | Continue engagement with SCWD's basin modeling regarding expanded conjunctive use. Explore ASR opportunities. | P |
| 1.3 Optimize the efficient use of water | Review available reports / Incorporate reports into Finance Reports for Committee/Board. | O |
| | Continue progress of pressure reduction projects as CIP budget allows from the 2024 WSC Pressure Management Study. | O |
| 2. Infrastructure Integrity: SVWD provides continuous investment in its infrastructure and process improvements to ensure the efficiency of its operations. | | |
| 2.1 Maintain all assets within their useful life threshold | Continue to implement projects in Montevalle to focus on isolation of the neighborhood, including adding, repairing and replacing mainline valves. | O/P |
| | Work with engineering team on the design of Bethany Tank Replacement. Begin financing discussions for this project. | P |
| | Complete Grace Way Well project and complete DDW permit amendments to bring Grace Way Well online. | P |
| | Complete Sucinto Well site improvements, including connection of generator, paving, and fencing. | P |
| | Complete the rehabilitation of the Monte Fiore Booster Station including installation of a shade structure, replacement of existing pipe fittings with standardized pipe fittings. | O |
| | Begin construction on pin pile foundation and site drainage improvements at Glenwood Tank per the FY26 design. | P |
| | Repair redwood deck and minor roof repairs at Main Office. | O |
| 2.2 Utilize technology and innovative solutions for improving operational efficiencies | Continue to replace obsolete Teledesign radios and Kingfisher Remote Terminal Units (RTU's) by upgrading four sites to GE Orbit Radios and Allen Bradley RTU's. | O |
| | Continue the archival document scanning. Investigate AI options to optimize and use these scanned documents. | O |
| | Ensure we are making full use of software for financial reporting and record keeping. Emphasize electronic record keeping in finance department. | O |
| 2.3 Optimize the redundancy and effectiveness of the system and facilities | Complete site improvements to Grace Way Well - Including site landscaping and fencing. | P |

3. Financial Stewardship: SVWD manages its financial resources in a manner that ensures the reliability of its operations and provides the greatest value to its customers.

| | | |
|---|---|-----|
| 3.1 Provide seamless customer experience | Provide customer support and training that demonstrates the value of engagement with the platform, and communicate those benefits in customer interactions. | O |
| 3.2 Exploit integrated data management for maximum efficiency and transparency | Lead discussion with Finance Committee to review and improve current charts and reports. | O |
| 3.3 Design and manage balanced and fair revenue sources that are sufficient for meeting operating and capital needs while providing for adequate reserves | Continue to work with Board President and implement priorities. | O |
| | Complete the Cost of Service and Rate Study. Schedule a rate study open house and prepare for the required public hearing. | O |
| | Develop a 3-5 year plan for positioning cash reserves to ensure liquidity and optimize interest income. Include an analysis of benefit of payments towards CalPERS unfunded liability payments. | O/P |

4. Community Engagement: SVWD proactively creates opportunities for strategic alliances and mutually beneficial relationships with its customers and partners.

| | | |
|---|--|---|
| 4.1 Use creative approaches and technology for engaging the community | Participate in 4th of July Parade and SV Art Wine Beer Festival. | O |
| | Work with M2 to promote status updates of District projects on social media, especially promoting water use efficiency and related rebate opportunities. | O |
| | Continue use of mass communication tools for public notices and communications. | O |
| 4.2 Increase youth involvement and education on water matters | Partner with Scotts Valley High School in implementing their Career Exploration Program if determined to reconvene the activities. Bring in a Director to help assist. | O |
| 4.3 Identify, develop and strengthen strategic alliances, both private and public | Create opportunities for GM and Board President to connect with the community. | O |

5. Organizational Vitality: SVWD recruits and retains the highest quality employees and board members by offering a work environment in which they can thrive and succeed.

| | | |
|---|---|---|
| 5.1 Value and reward competence, team spirit and creativity | Include various staff members in community educational events such as virtual system tours. | O |
| | Continue regular meetings between City of Scotts Valley Wastewater and District staff. | O |
| | Continue to identify relevant opportunities for each employee and Director to attend at minimum 1 training and/or professional event annually. | O |
| | Achieve 100% participation for each employee and Director to volunteer at a community event at least once a year. | O |
| | Sponsor 1 employee and/or Director to participate in Leadership Santa Cruz County Civic Program. | O |
| 5.2 Cultivate productive work conditions, positive workforce culture and work environment | Offer our location to ACWA JPIA to hold safety training sessions with the goal of quarterly trainings that are also made available for employees of other agencies in the region. | O |
| | Continue to work with DuAll safety to conduct required safety trainings and administrate regular Safety Committee meetings. Update the Injury and Illness Prevention Program (IIPP) for BOD approval. | O |
| | Organize and host at least one annual employee non-work event. | O |
| | Continue to execute the annual records management plan in compliance with the District's Records Retention Policy. | O |

P/O - Project or Operations Budget

Section 5 - About the Budget

The District maintains its accounts on an accrual basis; that is, revenues are recognized when earned and expenses are recognized when incurred.

The district is organized into four operating departments and the Board of Directors.

1. Administration – The Administration department consists of the General Manager, Executive Assistant / Board Clerk, and Assistant Administrative Analyst. The Department is responsible for district wide responsibilities including government reporting, public relations, human resources, and Board of Directors coordination.
2. Finance / Customer Service – The Finance / Customer Service department handles customer facing activities of billing and service requests and is responsible for preparing the District’s financial reports. The department prepares the annual budget and coordinates with the District’s auditors.
3. Operations – The Operations department handles the day to day operation of the the District water system. Activities are generally divided between water treatment activities and distribution system repair and maintenance. The department has ten staff members, including the Operations Manager, Operating Supervisor, two lead operators, four water facilities operators, one Electrician / Instrumentation Specialist, and one field utility service rep / meter technician.
4. Engineering – The District’s Engineering Technician operates in an independent department that handles technical and administrative responsibilities related to the District’s water supply infrastructure. They approve building plans and coordinate with developers and ensure the District is compliant with State water regulations.

About the Budget - Assumptions

The Budget process begins in January when department heads analyze current and previous year expenditures and prepare their proposed budgets for the coming fiscal year. To ensure consistency and accuracy in forecasting, a set of assumptions for the coming year is developed.

The following assumptions were used in creating the Fiscal Year 2026-2027 Budget:

Revenue Assumptions - Water Sales and Services

Scotts Valley Water District receives revenue from 4 distinct categories. The primary source of District revenue comes from water sales and services. Water sales revenue is

based on the volume of water delivered on a monthly basis. Residential user rates have 4 tiers based on the amount of water used measured in hundreds of gallons. Commercial and landscape customers pay a fixed volumetric rate. The District also charges a fixed monthly fee to customers based on meter size. The District has hired independent rate consultants to conduct a study of both water rates and new connection fees. The chart below shows current water rates and proposed water rates for the next 5 years. This is currently the most likely rate scenario, but they are subject to public comment and will need to be adopted by the board of directors.

1: Current and Proposed Potable and Recycled Water Rates

| Line | Proposed Water Rates | As of 1/1/2026 | Effective 1/1/2027 | Effective 1/1/2028 | Effective 1/1/2029 | Effective 1/1/2030 | Effective 1/1/2031 |
|------|---|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 | Monthly Basic Meter Charge | | | | | | |
| 2 | 5/8-inch | \$52.55 | \$55.30 | \$58.90 | \$62.73 | \$66.81 | \$71.16 |
| 3 | 5/8-inch Rate Assistance (Residential) | \$36.79 | \$38.71 | \$41.23 | \$43.91 | \$46.77 | \$49.82 |
| 4 | 5/8-inch Fire Service (Residential/Commercial) | \$13.90 | \$10.99 | \$11.71 | \$12.48 | \$13.30 | \$14.17 |
| 5 | 3/4-inch (Multi-Residential, incl. Fire Service) | \$66.44 | \$66.29 | \$70.60 | \$75.19 | \$80.08 | \$85.29 |
| 6 | 3/4-inch | \$73.46 | \$76.15 | \$81.10 | \$86.38 | \$92.00 | \$97.98 |
| 7 | 1-inch | \$115.43 | \$117.86 | \$125.53 | \$133.69 | \$142.38 | \$151.64 |
| 8 | 1.5-inch | \$229.81 | \$222.11 | \$236.55 | \$251.93 | \$268.31 | \$285.76 |
| 9 | 2-inch | \$369.92 | \$347.22 | \$369.79 | \$393.83 | \$419.43 | \$446.70 |
| 10 | 3-inch | \$767.76 | \$743.41 | \$791.74 | \$843.21 | \$898.02 | \$956.40 |
| 11 | 4-inch | \$1,357.55 | \$1,327.25 | \$1,413.53 | \$1,505.41 | \$1,603.27 | \$1,707.49 |
| 12 | 6-inch | \$2,706.40 | \$2,724.32 | \$2,901.41 | \$3,090.01 | \$3,290.87 | \$3,504.78 |
| 13 | | | | | | | |
| 14 | Volumetric Rates (\$/100 gallons) | | | | | | |
| 15 | Residential | | | | | | |
| 16 | Tier 1 (0-3,000 gallons) | N/A | \$0.97 | \$1.04 | \$1.11 | \$1.19 | \$1.27 |
| 17 | Tier 2 (3,001-6,000 gallons) | N/A | \$2.49 | \$2.66 | \$2.84 | \$3.03 | \$3.23 |
| 18 | Tier 3 (6,001+ gallons) | N/A | \$3.37 | \$3.59 | \$3.83 | \$4.08 | \$4.35 |
| 19 | CII | \$1.61 | \$1.71 | \$1.83 | \$1.95 | \$2.08 | \$2.22 |
| 20 | Landscape | \$2.65 | \$2.31 | \$2.47 | \$2.64 | \$2.82 | \$3.01 |
| 21 | Recycled | \$2.01 | \$2.11 | \$2.19 | \$2.27 | \$2.35 | \$2.44 |
| 22 | Qualifying Medical Needs Residential | \$1.58 | \$0.97 | \$1.04 | \$1.11 | \$1.19 | \$1.27 |
| 23 | Rate Assistance (Residential) | \$0.99 | \$0.97 | \$1.04 | \$1.11 | \$1.19 | \$1.27 |

In FY 2027, the District projects that water demand will be similar to FY 2026. Water use is projected to remain stable across all user categories and drought conditions remain similar to last year. A small increase in revenue can be expected from new users connecting to the District.

| Revenue Categories | FY 2026 Budget | FY 2026 Est. Year End | FY 2027 Budget | FY 2027 Budget to FY 2026 Budget | |
|------------------------------------|----------------|-----------------------|----------------|----------------------------------|-----|
| Potable Fund 01 | | | | | |
| Operating Revenue - Water Sales | \$ 5,011,100 | \$ 4,784,605 | \$ 5,065,425 | \$ 54,325 | 1% |
| Operating Revenue - Water Services | \$ 3,031,800 | \$ 3,018,475 | \$ 3,169,220 | \$ 137,420 | 5% |
| Recycled Fund 02 | | | | | |
| Operating Revenue - Water Sales | \$ 607,200 | \$ 670,532 | \$ 731,310 | \$ 124,110 | 20% |
| Operating Revenue - Water Services | \$ 106,200 | \$ 106,325 | \$ 111,500 | \$ 5,300 | 5% |

Revenue Assumptions - New Connections

The District also receives revenue from new users connecting to the system. Connection fees are based on meter size and are intended to create reserves for the upgrade and maintenance required to support the expansion of the water system. The chart below shows connection fees for FY 2026. The District is currently working with rate consultants to update the current connections fees because they have become significantly higher than neighboring agencies. The District Board of Directors expects receive the new rate recommendations in August 2026.



FEE SCHEDULE FOR NEW CONNECTIONS

Effective 1/1/2026

New Connection Fees include a capacity fee based on the fixture count of the building and/or landscape and a meter fee which is the cost of a new water meter supplied and installed by the District.

| Potable System Capacity Fees | |
|------------------------------|--------------|
| Meter Size | Capacity Fee |
| 5/8" High-Density* | \$16,312 |
| 5/8" | \$27,187 |
| 3/4" | \$40,783 |
| 1" | \$67,968 |
| 1 1/2" | \$135,935 |
| 2" | \$217,496 |
| 3" | \$475,772 |
| 4" | \$856,388 |

* 5/8 High Density is a domestic meter (for indoor use) installed for individual units in a high-density development that uses a separate meter(s) for landscape irrigation

| Recycled System Capacity Fees | |
|-------------------------------|--------------|
| Meter Size | Capacity Fee |
| 5/8" | \$7,711 |
| 3/4" | \$11,566 |
| 1" | \$19,276 |
| 1 1/2" | \$38,552 |
| 2" | \$61,684 |
| 3" | \$134,934 |
| 4" | \$242,879 |

| Meter Fees | |
|------------|-----------|
| Meter Size | Meter Fee |
| 5/8** | \$338 |
| 3/4" | \$384 |
| 1" | \$473 |
| 1 1/2" | \$925 |
| 2" | \$1,187 |
| 3" | \$3,491 |
| 4" | \$4,559 |

** Includes 5/8" fire detection meters for Private Fire Services

Capacity fees are required when an existing customer replaces an existing water meter with a larger sized meter. In this event, the fee will equal the difference between the current capacity fee for the new larger sized meter and the existing smaller sized meter. If a customer replaces a water meter with a smaller sized meter or discontinues water service, no capacity fee refund will be issued. Capacity fees will be subject to annual adjustments based on Engineering New Record (ENR) Cost Index and Meter Fees will be subject to annual adjustments based on actual costs.

In FY 2027 the District is projecting two new connections to the SVWD water system and four meter upgrades:

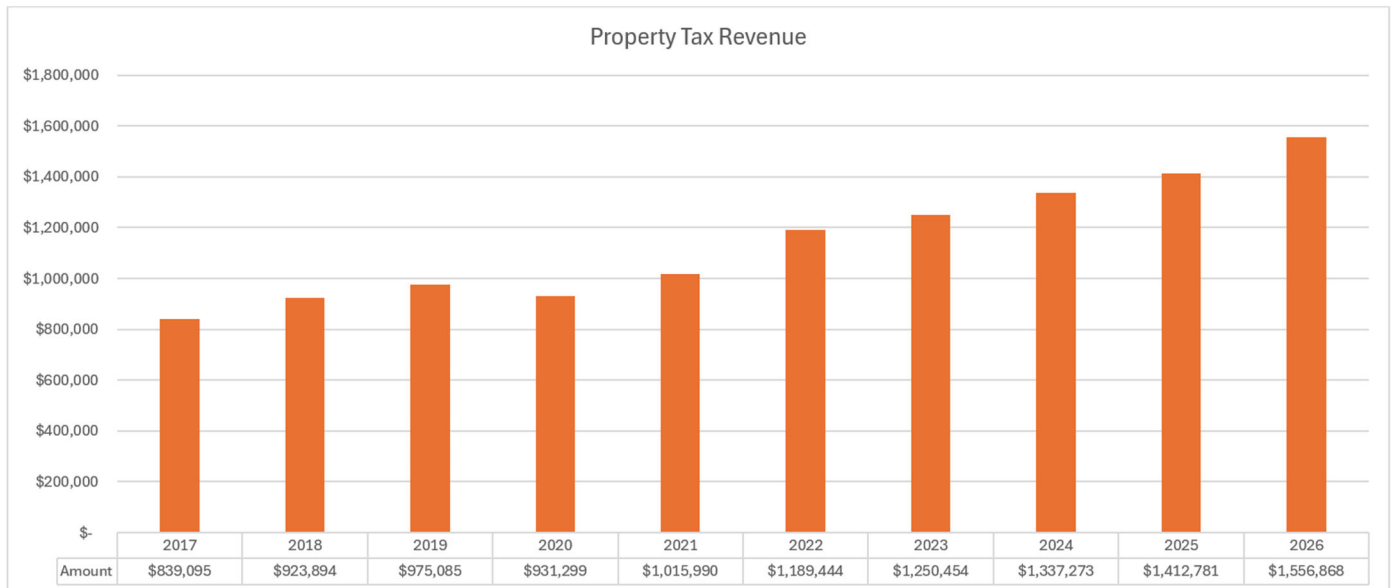
- 75 Mt Hermon Rd – The site of the Pinnacle Pass shopping center is expected to be developed with 40 housing units. The District expects revenue of \$135,935 for a 1.5” Meter connection.

- 4444 Scotts Valley Drive – 25 Housing units. Expected revenue of \$135,935 for a 1.5” meter.
- 4 Meter upgrades – Expected revenue of \$54,384. Meter upgrades are required when a remodel project increases the demand on the water system due to new water fixtures or fire sprinklers being added. Meter upgrades are typically from 5/8” to ¾”. Customers receive a credit for returning the smaller meter, so the charge for an upgrade is the difference between the meter size fees.

Revenue from new connections varies from year to year based on construction activity. The district tracks project review applications and project completion dates and revenues based on ongoing discussions with developers and City inspectors. See Appendix for current list of projected service applications.

Revenue Assumptions - Non-Operating Revenue

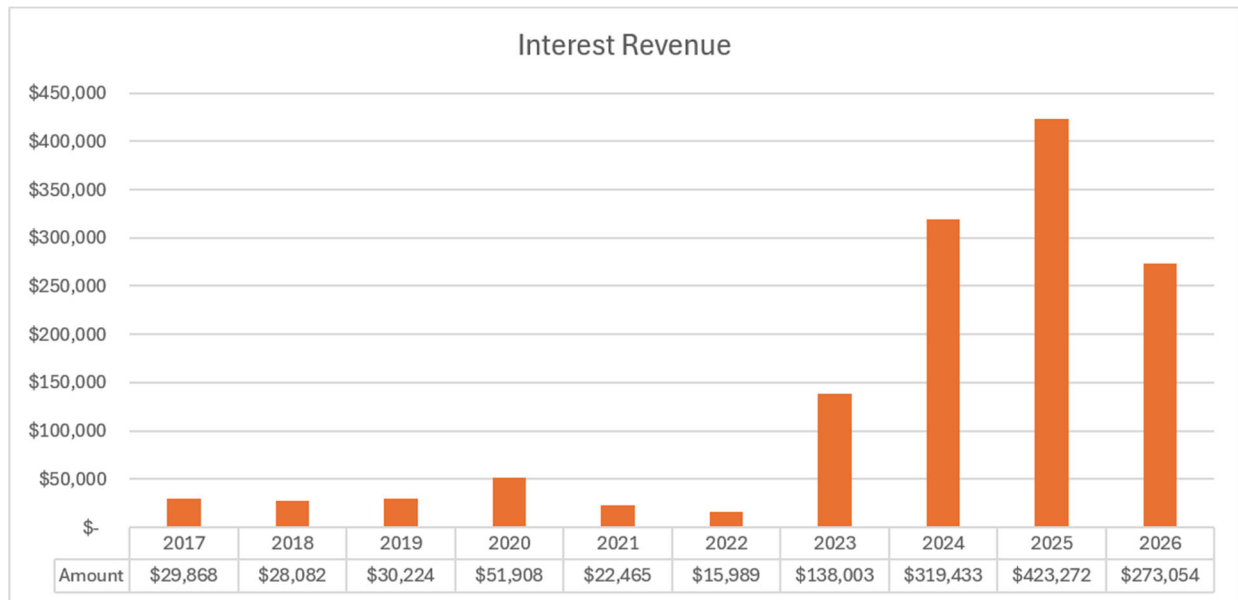
SVWD receives non-operating revenue from two primary sources. The District receives a fixed percentage of county property tax receipts for District customers each year. In FY 2025, the District received \$1.413 million in property tax revenue. For FY 2026 revenues received as of 4/30 are \$1.556 million and estimated year end is \$1.75 million. In FY 2027, staff has projected an increase of 4.5%. Projections are based on historical increases and estimates from the Santa Cruz County tax collector.



*FY 2026 is as of 4/30/26

Revenue Assumptions - Interest on Reserves

The District invests reserve funds in accordance with the Districts Investment Policy. In FY 2025 the District received \$430,000 in interest revenue. As of April 30, 2026, interest revenue of \$273 thousand has been received and revenues of \$350,000 are projected for year end. In FY 2027, staff projects a combined interest rate of 2% on an average reserve balance of \$10,000,000 for a total of \$200,000.



*FY 2026 is as of 4/30/26

SVWD investment policy require prudent diversified investments with the primary goal of principal protection and liquidity. The District's investment holdings as of 3/31/26 can be viewed in the appendix.

Revenue Assumptions - Grant Funding

In FY 25-26 the District completed the 2021 DWR Drought Resiliency Grant. The grant total was \$9.4 Million with \$6.6M going to City of Santa Cruz to fund the construction of the system intertie pumpstation and pipeline and \$2.8 million going to SVWD for the construction of the Grace Way well. There is no grant funding projected for FY 26-27. The District is committed to pursuing grant opportunities as they become available.

Expense Assumptions

The District divides operating expenses into 10 categories:

Salaries / Benefits – Includes staff salaries, health benefits, retirement benefits, payroll taxes, and workers comp insurance. The District provides retirement health benefits to certain former staff that were covered by previous agreements and retired members of the board of Directors. The District provides retirement benefits to active employees through CalPERS. A part of the Districts CalPERS expenditures are payments towards the unfunded CalPERS pension liability. FY 2027 CalPERS employer contribution rates are expected to remain the same as FY 2026. The District unfunded liability payment is expected to increase to \$156,000 in FY 2027 from \$123,000 in FY 2026.

Services – Includes general services that support the overall operations of the district including building maintenance, IT services, building maintenance, and contracted services such as the annual audit, public relations / advertising, and report preparation.

Supplies – This category applies to supplies that are used in support of operations (rather than as part of operating the water system) including office and building maintenance supplies, safety equipment, and vehicle fuel.

General Production Costs – These are overhead costs that are directly related to the operation of the water system. It includes regulatory oversight costs, tools and equipment, and operation of the District's SCADA system.

Source of Supply – Costs related to facilities which supply the District's water, mainly wells but also including water purchased from neighboring districts through interties, and the District's contribution to the Santa Margarita Ground Water Agency, a groundwater sustainability agency (GSA) responsible for the Santa Margarita groundwater basin where the district gets all of its water.

Pumping – Maintenance of the District's pumping facilities and costs of electricity required to operate the pumps.

Water Treatment – Maintenance of the District's three water treatment plants, chemicals needed in water treatment processes, and lab testing for water quality and regulatory reporting.

Transmission and Distribution – Maintenance and repair of the districts water mains and service lines. This category includes repairs to emergency water main breaks.

Conservation – Rebates and promotion activities that encourage the efficient use of water. One of the District’s biggest rebates is a \$2/sq ft rebate for the removal and replacement of irrigated lawns with water efficient landscaping.

Customer Accounts – This category includes expenses related to billing and servicing customer accounts and includes meter reading software, billing software, bill printing and mailing, and credit card processing fees.

Expense Assumptions - Inflation

For FY 2027 the District has projected expense inflation based on categories:

- Salaries and benefits are increased by the calculated cost of living adjustment which is based on average bay are CPI increases over the previous 12 months. Bonuses and step increases are calculated based on labor agreement for union represented staff and a 5% increase is projected for management.
- Chemicals and Power are projected to increase by 10%. These projections are based on discussions with suppliers and instability due to world events.
- General Inflation is projected at 4.5%. This rate was developed in cooperation with the District’s rate consultant and represents a weighted average of projected inflation rates for the districts major expense categories.

Expense Assumptions – Department Expenses

Administration

| Administration (100) | FY 24-25 Actual | FY 25-26 Budget | FY 25-26 Est YE | FY 26-27 Budget |
|--------------------------------|------------------------|------------------------|------------------------|------------------------|
| Salaries & Benefits | \$ 493,573 | \$ 654,369 | \$ 582,468 | \$ 749,967 |
| Services | 349,772 | 473,085 | 405,892 | 388,355 |
| Source of Supply | 150,079 | 215,307 | 209,480 | 187,074 |
| Supplies | 13,910 | 28,000 | 12,567 | 16,500 |
| Grand Total | \$ 1,007,334 | \$ 1,370,761 | \$ 1,210,407 | \$ 1,341,896 |

The FY 26-27 Budget for the Administration department is expected to increase by 1% over FY 25-26. Increases in Salaries and Benefits are a result of the District filling the Asst Admin Analyst position in FY 2026. Decreases in services are due to removing Urban Water Management Plan from the budget for FY 2027. Contributions to the Santa Margarita Groundwater Agency (SMGWA) are projected to be lower in FY 26-27.

Finance and Customer Service

| Finance / Customer Service (200) | FY 24-25 Actual | FY 25-26 Budget | FY 25-26 Est YE | FY 26-27 Budget |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Salaries & Benefits | \$ 566,053 | \$ 672,435 | \$ 589,043 | \$ 655,737 |
| Services | 239,239 | 283,200 | 337,084 | 312,850 |
| Supplies | 2,096 | 4,000 | 2,000 | 3,000 |
| Customer Accounts | 276,097 | 291,245 | 245,971 | 304,100 |
| Debt Service | 156,242 | 146,487 | 136,732 | 122,000 |
| Other | 3,007 | 1,000 | 2,130 | 2,000 |
| Grand Total | \$ 1,242,735 | \$ 1,398,367 | \$ 1,312,960 | \$ 1,399,687 |

The Budget for Finance / Customer Service is projected to increase by 1% over FY 25-26. Decreases in Salaries and benefits due to staff turnover are offset by increases in insurance costs (Services category). The District made several claims on its liability insurance policy in FY 2024 and rates are expected to be elevated through FY 2027. Debt Service costs are decreasing as the 2016 loan from Chase Bank approaches maturity.

Operations

The Operations Department budget is expected to increase by 5% over FY 25-26. Increases in the Services category are due to projected increases in traffic flagging and facility site maintenance. The Source of Supply category has been increased due to rising well maintenance costs. Emergency main breaks are not included in the budget and are considered a reduction of emergency reserves for budgeting.

| Operations (300) | FY 24-25 Actual | FY 25-26 Budget | FY 25-26 Est YE | FY 26-27 Budget |
|--|-----------------|-----------------|-----------------|-----------------|
| Salaries & Benefits | \$ 1,705,768 | \$ 1,867,501 | \$ 1,772,575 | \$ 1,888,258 |
| Services | 289,317 | 395,835 | 296,528 | 419,840 |
| Supplies | 41,637 | 70,430 | 32,802 | 54,930 |
| General Production Costs | 93,689 | 183,600 | 127,069 | 178,600 |
| Pumping | 620,720 | 774,000 | 787,344 | 836,000 |
| Source of Supply | 170,055 | 67,000 | 92,816 | 121,000 |
| Transmission & Distribution | 527,586 | 475,500 | 684,830 | 529,000 |
| Water Treatment | 313,646 | 434,100 | 427,476 | 440,000 |
| Grand Total | \$ 3,762,418 | \$ 4,267,966 | \$ 4,221,441 | \$ 4,467,628 |

Engineering

| Engineering (400) | FY 24-25 Actual | FY 25-26 Budget | FY 25-26 Est YE | FY 26-27 Budget |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| Salaries & Benefits | \$ 130,440 | \$ 137,448 | \$ 81,482 | \$ 120,632 |
| Services | 40,542 | 252,650 | 280,174 | 189,250 |
| Supplies | 11,427 | 1,000 | - | 1,000 |
| Grand Total | \$ 182,409 | \$ 391,098 | \$ 348,591 | \$ 310,882 |

The engineering department budget is projected to decrease by 20% from FY 2026. Decreases are a result of staff turnover resulting in lower salaries and benefits expenses and the removal of the Risk and Resilience Assessment that was completed in FY 2026.

Board of Directors

Board of Directors and members and retired members are reimbursed for the cost of health insurance up to the amount provided for active district employees. FY 2027 Board of Directors expenses are expected to increase from about \$93,000 in FY25-26 to \$104,000 in FY 26-27 due to increases in health insurance costs.

Assumptions - Salaries and Benefits

The FY 2027 Salaries and Benefits budget provides for an increase of \$70,100, or 2%, over the FY 2026 budget. The Salaries budget includes a COLA of 2.37%, as well as scheduled step increases and performance bonuses for eligible hourly employees. Compensation for exempt employees is projected to increase by 5%. Board of Directors expenses include compensation for Directors and Associate Directors to attend board and committee meetings as well as time spent at conferences, training events and other functions. The Benefits budget includes an increase of 10% in medical premium rates and an increase of \$48,143 or 65%, for the unfunded pension liability. A summary of salary and benefit projections by department is available in the appendix.

The number of positions budgeted has not changed from FY 25-26. A summary of budgeted full-time equivalent (FTE) positions follows:

| Department | Title | Quantity |
|--------------------|-------------------------------------|----------|
| Administration | Assistant Administrative Analyst | 1 |
| Administration | Executive Assistant / Board Clerk | 1 |
| Administration | General Manager | 1 |
| Finance / Customer | Utility Service Rep / Specialist | 2 |
| Finance / Customer | Accounting Technician | 1 |
| Finance / Customer | Finance / Customer Service Manager | 1 |
| Operations | Lead Water Facilities Operator | 2 |
| Operations | Water Facilities Operators VII/III | 4 |
| Operations | Water Operations Supervisor | 1 |
| Operations | Operations Manager | 1 |
| Operations | Utility Service Rep (Field) | 1 |
| Operations | Electrician / Instrument Technician | 1 |
| Engineering | Engineering Technician | 1 |

Union represented employees are covered by the MOU signed in 2023. The current MOU will be in effect until June 30, 2027. The current salary schedule for union represented employees can be viewed in the appendix.

Post Employment Benefits

The District provided retirement health insurance to employees hired before 2012. Currently, the District projects benefits payments of \$115,574 to retired employees for health care costs. The District has one active employee that is still covered by this agreement.

Assumptions – Debt Service

The District currently has two long term loans:

1. 2016 Loan – Chase Bank – The original loan amount for this loan was approximately \$6,000,000. The remaining principal is about \$668,000. Principal and interest payments will total \$475,790. The loan is projected to be paid off on July 1, 2027.
2. 2021 Loan – First Foundation Bank – The original amount for this loan was \$6,115,000. The remaining principal is \$5,118,000. Principal and interest payments will total \$386,148 in FY 26-27. The loan is projected to be paid off on July 1, 2041.

Debt service schedules for each loan can be found in the appendix.

Assumptions - Capital Improvement Plans

The FY 2027 Projects budget totals approximately \$5,900,000, all of which will be funded in the Potable Water Fund. Project spending for FY 2026 is expected to reach \$8.1 Million by June 30, 2026. This figure includes an estimated 1.1 million in SVWD's share of construction costs for the SVWD-City of Santa Cruz intertie, expected to be paid by June 2026. Major progress has been made on the Grace Way Well and City of Santa Cruz Intertie, Sucinto Well, bolted steel tank upgrades, upgrades to the District SCADA system, and main construction.

Major projects for FY 2027 include completion of the Grace Way well and System Intertie projects. Grant funding for these projects has been exhausted. The District projects an additional \$900,000 in site improvement work for grace way well, and approximately 500k for SVWD's share of work remaining on the system intertie.

Other FY 2027 project highlights include:

- Glenwood Tank Landslide Repair - Storms in 2023 caused a landslide at the site of the Glenwood tank. Design work has been completed on a pin-pile wall to stabilize the foundation and construction is expected to begin in FY2027. \$1.25 million has been allocated for this project and completion is expected by June of 2027.
- Main replacement program – FY 2027 main replacement work consists of design work for Sawyer Circle replacement, Whispering Pines / Mt Hermon Main replacement, Cadillac Drive Main replacement, and construction of a new connection from Lockhart Gulch to Green Valley Rd. Construction for these projects will begin in FY 2028 and continue through FY 2030. \$460,000 is allocated for main design work.
- Design work for Bethany Tank replacement / repairs - Bethany tank requires roof reconstruction and outer coating replacement. Construction of a new tank will allow repairs to take place on the original tank and provide redundancy and additional storage for the water system. About \$433,000 has been allocated for design engineering for this project in FY 2027.
- Monte Fiore Pump Station – Work is expected to be completed on upgrades to the Monte Fiore Pump Station including a shelter for pump equipment and upgrades to controls. \$340,000 has been allocated to this project for FY 2027.
- Water Treatment Plant Upgrades – Upgrades are scheduled for each of the District’s water treatment plants. Safety compliance upgrades are needed at El Pueblo, site improvements are scheduled for the Well 10 water treatment plant, and a VFD will be installed at Orchard Run water treatment plant.

The District’s complete FY 2027 CIP project list is shown below:

Capital Improvement Budget

| Project Description | FY2026 YTD (04/30) | FY 2026 Est YE | FY 2027 Planned |
|--|--------------------|----------------|-----------------|
| Administrative Building Improvements | \$ 8,528.39 | \$ 8,528.39 | \$ 36,472.00 |
| Corp Yard Improvements | - | - | 100,425 |
| System wide pressure reduction program | 198,543 | 198,543 | 142,402 |
| Distribution system improvements in Montevalle | - | - | 112,045 |
| Vehicle Replacement Program | 177,290 | 177,290 | 85,000 |
| Specialized Operations Equipment | - | - | 200,000 |
| Main Replacement Program - Potable | 293,865 | 300,000 | 460,000 |
| SCWD-SVWD System Intertie | 3,804,241 | 4,938,241 | 492,000 |
| Monte Fiore PS Rehab | 71,817 | 80,000 | 338,977 |
| Sand Hill Pump Station | - | - | 90,000 |
| Bethany Tank Rehabilitation | 15,373 | 150,000 | 432,613 |
| Glenwood Tank Landslide Evaluation & Repair | 19,930 | 40,000 | 1,250,000 |
| Sequoia Tank Roof Recoat | 265,964 | 265,964 | 10,000 |
| SCADA Improvements- Teledesign Radio and Kingfisher RTU Replacements | 37,315 | 55,500 | 146,782 |
| El Pueblo Water Treatment Plant Improvements | - | 15,000 | 166,000 |
| Well 10 WTP Improvements | 513 | 5,000 | 210,000 |
| VFD installation at Orchard WTP | - | 15,000 | 160,000 |
| Orchard Run Water Treatment Plant Improvements | - | - | 75,000 |
| Grace Wy Well | 1,234,179 | 1,300,000 | 900,000 |
| Well 3B Replacement - Sucinto | 203,564 | 210,000 | 139,951 |
| Orchard Run Well Rehab | - | - | 255,000 |
| Automated Metering Infrastructure (AMI) | - | - | 38,000 |
| Meter Replacement Program | 46,328 | 46,328 | 86,000 |

Totals \$ 6,377,450 \$ 7,805,394 \$ 5,926,667

The District maintains a five-year CIP project list, which can be viewed in the appendix.

Assumptions – Santa Margarita Groundwater Agency (SMGWA)

To comply with the 2014 Sustainable Groundwater Management Act, the District along with the County of Santa Cruz and San Lorenzo Valley Water District formed the joint powers authority (JPA), Santa Margarita Groundwater Agency (SMGWA). Operations of the JPA have been funded by the three member agencies as well as the City of Santa Cruz and the Mount Hermon Association. The FY 2027 Expense Budget includes \$187,074 for the district’s contribution to SMGWA.

About the Budget - Budgetary Control

Through approval of the budget, the board appropriates the resources necessary to maintain District service levels and achieve specified objectives. The District prepares a detailed line item operating budget, which represents an estimate based on operations at the time the budget is prepared. Throughout the fiscal year, management applies best business practices to improve operational efficiencies. As a result, actual expenses may differ from the budget.

The level of budgetary control is set at the division level. Each Division Manager is responsible for his/her division budget. The General Manager is responsible for the District budget with authority to move appropriations between divisions. Budgetary control for projects is set at the total Projects budget amount approved for the year, including carryover project funding. Spending on a project not listed in the budget would require the board's review and approval through an agenda report.

The budget may only be amended during the course of the fiscal year by Board action. This process typically occurs when staff members submit requests to the Board for additional funding from the operating contingency reserves. Staff members present these requests to the Board during regularly scheduled meetings, and the Board reviews and deliberates on them. The Board then makes decisions on whether to approve or reject the requests through a motion and a majority vote. In situations where the revenue falls significantly short of the initial budget expectations, comprehensive mid-year revisions to the budget may become necessary. This allows for adjustments to be made to the budget to reflect the updated financial circumstances and ensure financial stability for the District.

About the Budget - District Policies

Target Reserves

The target reserves are established by the formula stated in District Policy P200-17-2. For FY 2026, the calculated target reserve amount is approximately \$5.97 million, as summarized below. The projected Reserve Balance, based upon fund balance at June 30, 2027, is \$7.9 million, or \$1.93 million over the Target Reserve.

FY 2027 Reserve Target

| | | Budget |
|---------------------------------------|------------|-----------------|
| Operating Reserve | | |
| FY 2027 Operating Expense Budget | 7,770,796 | |
| Reserve Level: 90 days (25%) | 25% | 1,942,699 |
| Rate Stabilization Reserve | | |
| FY 2027 Water Sales Revenue Budget | 5,752,416 | |
| 20% of volumetric water sales revenue | 20% | 1,150,483 |
| Emergency Reserve | | |
| Net Asset Value @ 6/30/2025 | 30,159,675 | |
| 2.5% of Net Asset Valuation | 2.5% | 753,992 |
| Capital Reserve | | |
| FY 2025 Depreciation | 1,265,265 | |
| 1 Year of Depreciation | 100% | 1,265,265 |
| Debt Service Reserve | | |
| FY 2027 Debt Service | 861,938 | |
| 100% of Debt Service | 100% | 861,938 |
| | | <hr/> 5,974,377 |

Debt Service Coverage Ratio

The 2016 Refunding Loan requires that the District prescribe, revise and collect such charges for providing water, which, after allowances for contingencies and errors, produce sufficient income in each fiscal year to provide net revenues equal to at least 1.20 times the sum of 1) 2016 Loan installment payments becoming due and payable in such fiscal year and 2) all debt service and any related payments required with respect to any additional parity debt for such fiscal year. Parity debt consists of any additional debt obligations incurred by the District and secured by a debt on District revenues equally and ratably with the 2016 Loan payments. This includes the 2021 First Foundation Loan.

Allocation of Expenses between Potable and Recycled Water Funds

Scotts Valley Water District manages two distinct funds:

1. The District's primary finance and accounting is managed in the Potable Water Fund. The Potable Water fund is an enterprise fund which is responsible for generating income sufficient to operate the water system through fees paid by users of the water system. Enterprise funds are reported similar to commercial business

accounting and utilize the full accrual basis of accounting and the economic resources measurement focus.

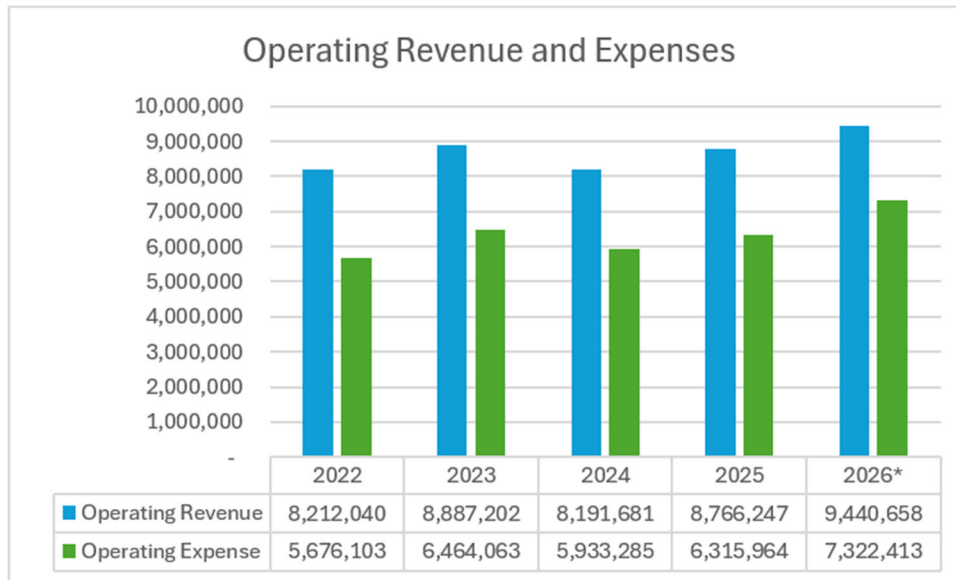
2. The Recycled Water fund was created to track and report revenue and expenses generated by the District's recycled water distribution system. The District receives recycled water for landscape and irrigation from the City of Scotts Valley tertiary treatment plant and distributes the water to customers from landscape use. In exchange, the District shares 55% of the maintenance costs for the treatment plant and provides recycled water to City-owned facilities free of charge. The recycled water fund is assigned 10% of overhead costs from the Potable Water fund and is assigned 100% of direct expenses for water treatment plant maintenance and electricity used or pumping.

Recycled water revenues, water meters for recycled accounts, repairs and maintenance of the recycled water plant and 10% of the general and administrative expenses are budgeted in the Recycled Water Fund. In the adopted 2021 Rate Schedule funding for the 2016 Refunding Loan was shifted to the Potable Water fund. It should be noted that all District fund balance reserves are allocated to the Potable Fund and none are currently allocated to the Recycled Fund.

Section 6 - FY 2027 Budget

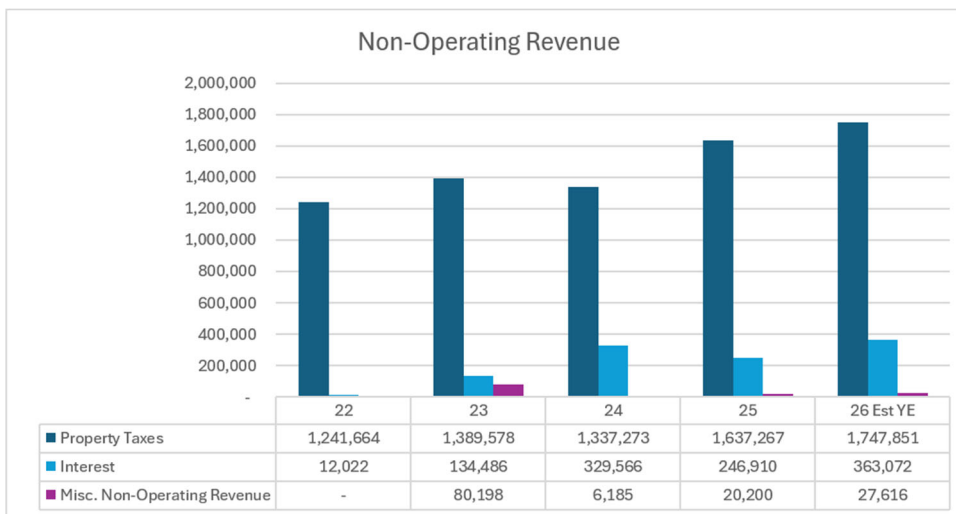
| Scotts Valley Water District | | | | |
|------------------------------|-------------------|--------------------|--------------------|--------------------------|
| Proposed Budget | | | | |
| Fiscal Year 26-27 | | | | |
| | FY 24-25 Actual | FY 25-26 Budget | Fy 25-26 Est Y/E | FY 26-27 Proposed Budget |
| Revenue | | | | |
| Operating Revenue | | | | |
| Water Sales | 5,345,393 | 5,618,300 | 5,459,538 | 5,796,735 |
| Water Services | 2,932,063 | 3,138,000 | 3,124,800 | 3,280,720 |
| Connection Fees | 178,900 | 91,184 | 856,320 | 348,942 |
| Total Operating | 8,456,356 | 8,847,484 | 9,440,658 | 9,426,397 |
| Non Operating Revenue | | | | |
| Property Taxes | 1,529,615 | 1,637,492 | 1,747,851 | 1,824,756 |
| Interest | 469,670 | 420,194 | 363,072 | 200,000 |
| Misc | 20,200 | 9,600 | 27,616 | 20,200 |
| Total Non-Operating | 2,019,485 | 2,067,286 | 2,138,539 | 2,044,956 |
| Total Revenue | 10,475,841 | 10,914,769 | 11,579,197 | 11,471,354 |
| Expense | | | | |
| Operating Expenses | | | | |
| Salaries & Benefits | 2,927,973 | 3,407,409 | 3,120,514 | 3,510,718 |
| Services | 924,868 | 1,383,112 | 1,327,603 | 1,328,695 |
| Supplies | 69,070 | 104,157 | 47,368 | 76,230 |
| General Production | 93,689 | 179,862 | 127,069 | 178,600 |
| Source of Supply | 320,134 | 282,307 | 302,296 | 308,074 |
| Pumping | 625,686 | 777,600 | 785,000 | 837,200 |
| Water Treatment | 548,318 | 640,100 | 677,476 | 700,000 |
| Transmission & Distribution | 528,751 | 507,500 | 685,995 | 529,000 |
| Customer Accounts | 277,475 | 293,796 | 246,961 | 304,100 |
| Other | 3,000 | 1,000 | 2,130 | 2,000 |
| Total Operating | 6,318,964 | 7,576,842 | 7,322,413 | 7,774,617 |
| Non-Operating | | | | |
| Debt Principal | 949,811 | 973,404 | 973,404 | 732,752 |
| Debt Interest | 165,759 | 146,487 | 146,487 | 129,186 |
| Total Non-Operating | 1,115,570 | 1,119,891 | 1,119,891 | 861,938 |
| Total Expense | 7,434,533 | 8,696,733 | 8,442,304 | 8,636,555 |
| Capital | | | | |
| Grant Funding | 4,413,920 | 3,315,000 | 4,921,292 | - |
| Capital Projects | (4,733,873) | (13,286,410) | (7,961,256) | (5,926,667) |
| Net Capital | (319,953) | (9,971,410) | (3,039,964) | (5,926,667) |
| Change in Reserves | 2,721,355 | (7,753,373) | 96,930 | (3,091,868) |

Operating Revenue is expected to increase by 6.5% over the FY25-26 budget due to projected increases in water rates while operating expenses are expected to increase by about 2.6%. Net operating income is projected to be approximately \$1.7 million.



*FY25-26 is estimated year end as of 5/31/26

Revenues from non-operating sources are expected to increase to be similar to FY 25-26. Increases in property tax revenue are offset by decreases in interest revenue.



Property tax revenue has trended upward over the last five years. Interest revenue is based on both current rates and reserve balances.

Cash Reserve Projection

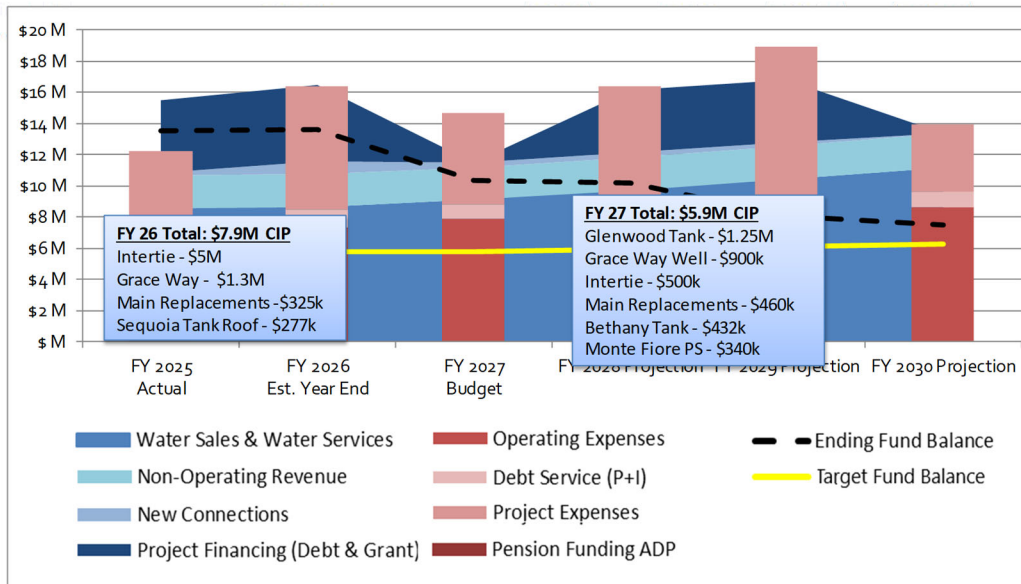
| Scotts Valley Water District | | | |
|---|---------------------|---------------------|---------------------------------|
| FY 2027 Proposed Budget | | | |
| Cash Reserves Projection | | | |
| | Potable Fund 01 | Recycled Fund 02 | Combined Fund 01 and Fund 02 |
| FY 2026 | | | |
| Audited Cash Balance 6/30/2025: | \$ 9,782,594 | \$ - | \$ 9,782,594 |
| FY 2026 (Estimated Year End) | | | |
| Audited Cash Balance 6/30/2025: | | | \$ 9,782,594 |
| Revenue | \$ 10,740,550 | \$ 793,362 | \$ 11,533,912 |
| Grant reimbursements | \$ 4,921,292 | | \$ 4,921,292 |
| Operating Expense | \$ (6,592,967) | \$ (729,397) | \$ (7,322,364) |
| Debt Service | \$ (1,119,900) | \$ - | \$ (1,119,900) |
| Project Costs | \$ (7,961,256) | | \$ (7,961,256) |
| Increase/(Decrease) of Cash Balance | \$ (12,280) | \$ 63,965 | \$ 51,685 |
| Projected Cash Balance 6/30/2026 | \$ 9,770,314 | \$ 63,965 | \$ 9,834,279 |
| FY 2027 (Proposed Budget) | | | |
| Projected Cash Balance 6/30/2026 | | | \$ 9,834,279 |
| Revenue | \$ 10,628,543 | \$ 853,560 | \$ 11,482,103 |
| Grant reimbursements | \$ - | | \$ - |
| Operating Expense | \$ (6,985,913) | \$ (784,883) | \$ (7,770,796) |
| Debt Service | \$ (861,938) | \$ - | \$ (861,938) |
| Project Budget Request | \$ (5,926,667) | \$ - | \$ (5,926,667) |
| Project Carryover | \$ (3,627,538) | \$ - | \$ (3,627,538) |
| Investment Maturity | \$ 984,000 | \$ - | \$ 984,000 |
| Increase/(Decrease) of Cash Balance | \$ (2,161,975) | \$ 68,677 | \$ (2,093,298) |
| Projected Cash Balance 6/30/2027 | \$ 7,608,339 | \$ 132,642 | \$ 7,740,981 |
| Debt Service Coverage Ratio for FY 2026 | | | 3.76 |
| Debt Service Coverage Ratio for FY 2027 | | | 4.31 |
| Debt Service Coverage Ratio for FY 2025 excluding revenue from new connections | | | 4.20 |
| | FY 2026 | FY 2027 | FY 2027* |
| Operating Revenue (excl NR, 3rd Party) | \$ 11,533,912 | \$ 11,482,103 | \$ 11,390,920 |
| Operating Expense (incl M Projects) | \$ (7,322,364) | \$ (7,770,796) | \$ (7,770,796) |
| Net Operating Revenue | \$ 4,211,548 | \$ 3,711,307 | \$ 3,620,124 |
| Debt Service | \$ (1,119,900) | \$ (861,938) | \$ (861,938) |
| Debt Servicing Coverage Ratio | 3.76 | 4.31 | 4.20 |
| * required Debt Service Coverage Ratio = 1.2 | | | |

Cash reserves are projected to decrease by about \$2 million in FY 27. While overall reserves are projected to decrease by \$3 million, a CD maturity in December 2026 will add close to \$1 million to cash.

Section 7 - Five Year Plan

Scotts Valley Water District FY 2027 Proposed Budget Reserves Projection

| | FY 2025 Actual | FY 2026 Est. Year End | FY 2027 Budget | FY 2028 Projection | FY 2029 Projection | FY 2030 Projection | 5 Yr Total (FY26 - FY30) |
|----------------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------------|
| Water Sales & Water Services | \$ 8,577,104 | \$ 8,579,937 | \$ 9,077,456 | \$ 9,712,878 | \$ 10,392,779 | \$ 11,120,274 | \$ 48,883,324 |
| New Connections | \$ 189,142 | \$ 806,347 | \$ 348,942 | \$ 330,548 | \$ 213,869 | \$ - | \$ 1,699,706 |
| Non-Operating Revenue | \$ 2,044,985 | \$ 2,137,628 | \$ 2,044,956 | \$ 2,106,305 | \$ 2,169,494 | \$ 2,234,579 | \$ 10,692,961 |
| Project Financing (Debt & Grant) | \$ 4,703,483 | \$ 4,921,292 | \$ - | \$ 4,000,000 | \$ 4,000,000 | \$ - | \$ 12,921,292 |
| Total Revenue | \$ 15,514,714 | \$ 16,445,204 | \$ 11,471,354 | \$ 16,149,731 | \$ 16,776,142 | \$ 13,354,853 | \$ 74,197,283 |
| Operating Expenses | \$ 6,370,086 | \$ 7,334,897 | \$ 7,896,617 | \$ 8,133,516 | \$ 8,377,521 | \$ 8,628,847 | \$ 40,371,397 |
| Debt Service (P+I) | \$ 1,115,570 | \$ 1,119,891 | \$ 861,938 | \$ 878,095 | \$ 965,965 | \$ 966,124 | \$ 4,792,013 |
| Project Expenses | \$ 4,733,873 | \$ 7,961,255 | \$ 5,926,000 | \$ 7,360,000 | \$ 9,550,000 | \$ 4,340,000 | \$ 35,137,255 |
| Pension Funding ADP | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses | \$ 12,219,529 | \$ 16,416,043 | \$ 14,684,555 | \$ 16,371,610 | \$ 18,893,486 | \$ 13,934,971 | \$ 80,300,665 |
| Beginning Cash Reserves | \$ 10,246,136 | \$ 13,541,321 | \$ 13,570,482 | \$ 10,357,281 | \$ 10,135,401 | \$ 8,018,058 | \$ 13,541,321 |
| Ending Cash Reserves | \$ 13,541,321 | \$ 13,570,482 | \$ 10,357,281 | \$ 10,135,401 | \$ 8,018,058 | \$ 7,437,939 | \$ 7,437,939 |

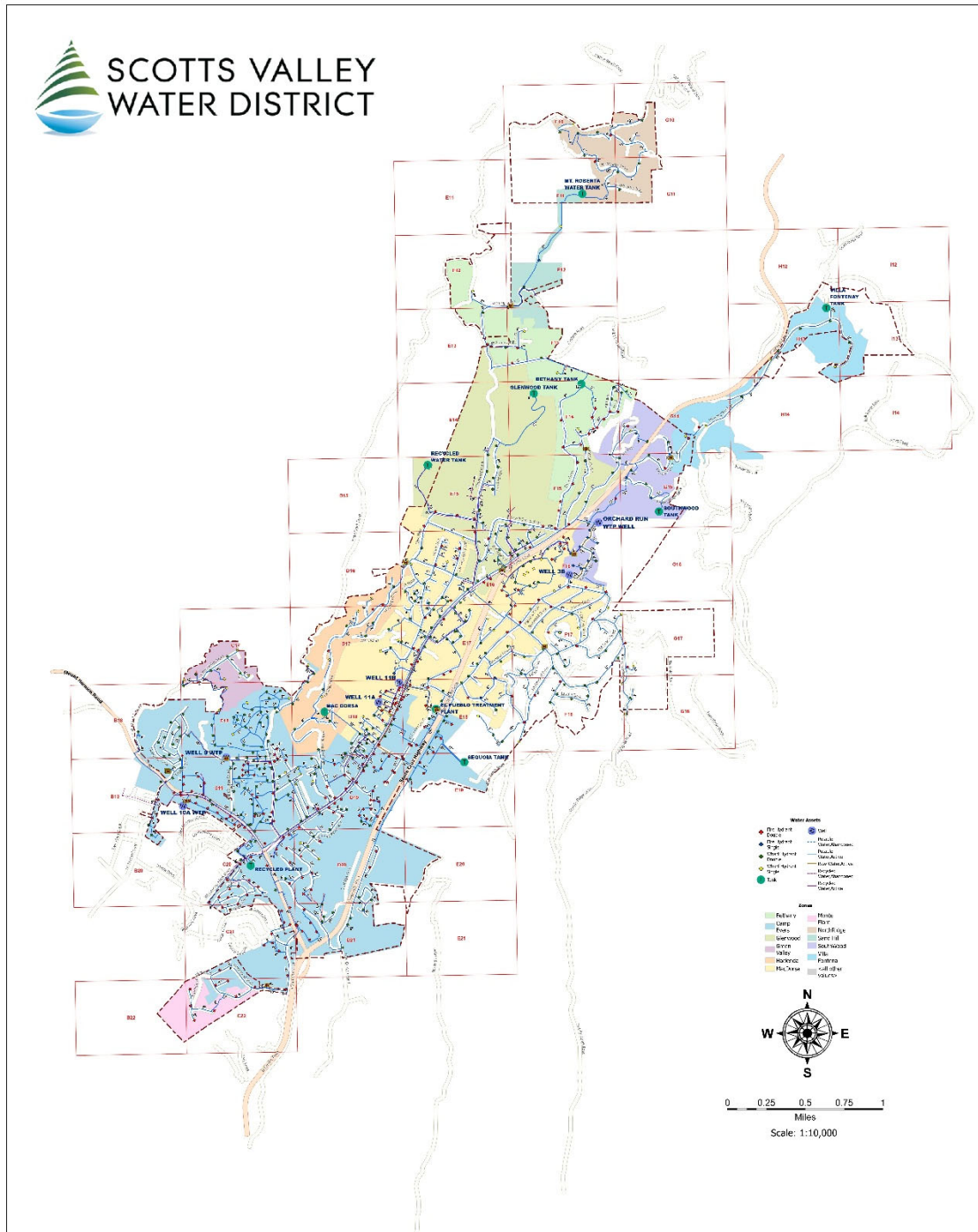


The District's reserves are projected to decline to near target levels due to continued CIP spending. The new proposed rate structure has been designed to utilize reserves that exceed target levels but not decrease below target levels before FY 2031. Debt financing is

expected to be needed to fund the Bethany Tank project as well as replacement of Mt Roberta and Villa Fontenay Tanks beginning in FY 2028. Current projections estimate approximately \$8 Million in debt financing, repaid over 20 years with an interest rate of 4%.

Section 8 - Appendices

About Scotts Valley Water District



History

Scotts Valley Water District was created in 1961 by a vote of the people within the proposed District. At the time, the City of Scotts Valley had not been founded and the District was formed under the County Water District Act for the purpose of providing water for domestic, commercial, municipal and firefighting purposes. Beginning in 1962, SVWD acquired and consolidated several small mutual water supply systems, including the Santa Hacienda Mutual and Terrace View Mutual water companies, as well as the water system serving the bible college and surrounding area at Bethany Park.

Climate

The District is located in the Santa Cruz Mountains and experiences a Mediterranean climate characterized by cool, wet winters and warm, dry summers. Most precipitation occurs between November and April, with limited rainfall during the summer months.

Average annual precipitation in the Scotts Valley area is approximately 25 to 30 inches, with typical monthly rainfall during the wet season ranging from approximately 3 to 4 inches. Temperatures are generally moderate due to coastal influences, with average conditions ranging from approximately 45°F to 75°F and occasional extremes outside this range (Table 3-1).

Precipitation varies from year to year, influencing local hydrologic conditions. The District relies on groundwater from the Santa Margarita Groundwater Basin, which is recharged in part by seasonal rainfall.

District Services

The District provides potable and recycled water service to the City of Scotts Valley and surrounding areas in Santa Cruz County. The District is located within the Santa Margarita Groundwater Basin and serves a primarily residential community with supporting commercial and institutional uses.

The District's potable water service area generally overlaps with the City of Scotts Valley, with approximately 68 percent of the service area located within City limits. The remaining portions extend into unincorporated areas of Santa Cruz County. The District operates both potable and recycled water systems. Recycled water is produced by the City of Scotts Valley at the Water Reclamation Facility and delivered by the District to customers for non-potable uses.

The District's potable water system is supplied primarily by local groundwater sources within the Santa Margarita Groundwater Basin. Groundwater is extracted from a series of

municipal production wells and conveyed to treatment facilities prior to distribution to customers. The infrastructure includes six groundwater wells, four water treatment plants, eight storage tanks operated in eleven pressure zones within a distribution network throughout the service area.

The District operates a recycled water system that provides a supplemental, non-potable water supply for irrigation and other approved uses. Recycled water is produced by the City of Scotts Valley at the Water Reclamation Facility (WRF), where wastewater is treated to Title 22 tertiary standards suitable for unrestricted non-potable use.

Under an existing agreement, the City provides recycled water to the District, which is responsible for the storage, conveyance, and retail distribution of recycled water to customers. The recycled water system includes dedicated pipelines and infrastructure separate from the potable system.

Current Population and Service Connections

Population within the District's service area is informed by the City of Scotts Valley General Plan and the number of potable water service connections. As of 2025, the District serves approximately 3,440 single-family residential connections and 116 multifamily residential connections. Multi-family residential service is primarily provided through master metered connections, which correspond to approximately 531 multi-family dwelling units. The total number of residential dwelling units within the District is estimated at approximately 3,971 units. The current population within the District service area is estimated by applying a 2.6 persons-per household factor from the City of Scotts Valley General Plan (2023), which is derived from U.S. Census data. Applying this to the total number of households results in an estimated current population of approximately 9,924.

Future population growth within the District service area is informed primarily by the City of Scotts Valley General Plan (2023) and Housing Element. The General Plan projects approximately 1,199 additional housing units by 2045, corresponding to an increase of approximately 3,000 residents within the City. Based on available planning information, approximately 1,000 units are expected to occur within the District's service area, with approximately 200 units identified outside the service area.

Service Application / Development Connection Fee Forecast

| SA# | Address | Description | MeterSize | MeterQty |
|-----|------------------------------|--------------------------------------|--------------------|----------|
| 147 | 12 Blake Ln | 3 Townhomes | 5/8 | 1 |
| 184 | 4 Casa Way | Addition / Remodel | 5/8Upgrade | 1 |
| 186 | 1042 Bethany Dr | Two Story Addition / Remodel | 5/8Upgrade | 1 |
| 200 | 0 Casa Way - APN: 023-113-36 | 9 Single Family Home Subdivision | 3/4 | 5 |
| 201 | 110 Hidden Drive | Remodel and ADU | 5/8Upgrade | 1 |
| 219 | 4575 Scotts Valley Drive | High-Density Residential Development | 2 | 2 |
| 220 | 552 Bean Creek Rd # 214 | New Modular Home | | |
| 221 | Erba Lane | 19 SFR | 5/8 | 10 |
| 223 | 0 Grace Way | New SFR w/ ADU | | |
| 224 | 4444 Scotts Valley Dr | Affordable housing 25-units | 1.5 | 1 |
| 225 | 10 Victor Sq | Storage Units | | |
| 226 | 75 Mt Hermon | 3- story 40 unit development | 1.5 | 1 |
| 228 | 212 Hacienda | Remodel and Addition | | |
| 229 | 315 S Navarra Dr | Single Family Home | | |
| 230 | 847 Saddleback Ridge | Detached ADU & Pool | | |
| 231 | 213.5 N Navarra | New SFR w/ ADU | | |
| 232 | 58 Terrace View | Shed conversion to ADU | | |
| 233 | 90 Blossom Wy | New SFR | 3/4 | 1 |
| 235 | 118 Crescent Ct | Rebuild SFR | 5/8 upgrade to 3/4 | 1 |

**Scotts Valley Water District
Salary Compensation Plan**

11/13/2025

| Description | Step A | Step B | Step C | Step D | Step E | Step F | Step G |
|---|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Accounting Specialist | 7,285 42.03 | 7,650 44.13 | 8,032 46.34 | 8,434 48.66 | 8,855 51.09 | 9,298 53.64 | 9,763 56.32 |
| Accounting Technician | 6,022 34.74 | 6,323 36.48 | 6,639 38.30 | 6,971 40.22 | 7,319 42.23 | 7,685 44.34 | 8,070 46.56 |
| Assistant Administrative Analyst | 5,844 33.72 | 6,136 35.40 | 6,443 37.17 | 6,765 39.03 | 7,104 40.98 | 7,459 43.03 | 7,832 45.18 |
| Electrical Instrumentation Technician | 6,846 39.49 | 7,188 41.47 | 7,547 43.54 | 7,925 45.72 | 8,321 48.00 | 8,737 50.41 | 9,174 52.93 |
| Electrical Instrumentation Technician, Senior | 7,981 46.04 | 8,380 48.34 | 8,799 50.76 | 9,238 53.30 | 9,700 55.96 | 10,185 58.76 | 10,695 61.70 |
| Electrician / Instrumentation Tech | 7,785 44.91 | 8,174 47.16 | 8,583 49.52 | 9,012 51.99 | 9,463 54.59 | 9,936 57.32 | 10,433 60.19 |
| Engineering Technician I | 6,751 38.95 | 7,089 40.90 | 7,443 42.94 | 7,815 45.09 | 8,206 47.34 | 8,616 49.71 | 9,047 52.20 |
| Engineering Technician II | 7,248 41.81 | 7,610 43.90 | 7,991 46.10 | 8,390 48.41 | 8,810 50.83 | 9,250 53.37 | 9,713 56.03 |
| Lead Water Facilities Operator | 7,981 46.04 | 8,380 48.34 | 8,799 50.76 | 9,238 53.30 | 9,700 55.96 | 10,185 58.76 | 10,695 61.70 |
| Utility Service Representative, Field | 5,844 33.72 | 6,136 35.40 | 6,443 37.17 | 6,765 39.03 | 7,104 40.98 | 7,459 43.03 | 7,832 45.18 |
| Utility Service Specialist | 6,751 38.95 | 7,089 40.90 | 7,443 42.94 | 7,815 45.09 | 8,206 47.34 | 8,616 49.71 | 9,047 52.20 |
| Utility Service Technician | 5,844 33.72 | 6,136 35.40 | 6,443 37.17 | 6,765 39.03 | 7,104 40.98 | 7,459 43.03 | 7,832 45.18 |
| Water Facilities Operator I | 6,134 35.39 | 6,441 37.16 | 6,763 39.02 | 7,101 40.97 | 7,456 43.01 | 7,829 45.17 | 8,220 47.42 |
| Water Facilities Operator II | 6,846 39.49 | 7,188 41.47 | 7,547 43.54 | 7,925 45.72 | 8,321 48.00 | 8,737 50.41 | 9,174 52.93 |
| Water Facilities Operator III | 7,248 41.81 | 7,610 43.90 | 7,991 46.10 | 8,390 48.41 | 8,810 50.83 | 9,250 53.37 | 9,713 56.04 |
| Water Operations Supervisor | 9,576 55.25 | 10,055 58.01 | 10,558 60.91 | 11,086 63.96 | 11,640 67.15 | 12,222 70.51 | 12,833 74.04 |
| Executive Assistant / Board Clerk | | | | | | | 7,963 45.94 |
| Finance & Customer Service Manager | | | | | | | 13,750 79.33 |
| General Manager | | | | | | | 20,910 120.63 |
| Operations Manager | | | | | | | 15,522 89.55 |

Scotts Valley Water District
Investment Summary

As of 03/31/26

| Institution | Investment | CUSIP | Purchased | Maturity | Purchase \$ | Rate | | Balance as of: | | |
|---|---|-----------|------------|------------|-------------|------------|-----------|----------------------|----------------------|--|
| | | | | | | 12/31/2025 | 3/31/2026 | 12/31/2025 | 3/31/2026 | |
| Unrestricted Funds: | | | | | | | | | | |
| LAIF | Local Agency Investment Fund | | various | | | 4.20% | 3.98% | \$ 4,975,800 | \$ 5,028,412 | |
| CLASS | California CLASS Local Govt Investment Pool | | various | | | 3.88% | 3.70% | \$ 853,481 | \$ 861,375 | |
| WCCB | Checking - General | | various | | | 0.50% | 0.50% | \$ 290,569 | \$ 288,663 | |
| WCCB | Checking - Payroll | | various | | | 0.50% | 0.50% | \$ 74,104 | \$ 95,408 | |
| WCCB | Checking - Revenue | | various | | | 0.50% | 0.50% | \$ 1,000,000 | \$ 1,000,000 | |
| WCCB | IntraFi Savings | | various | | | 4.15% | 3.93% | \$ 832,985 | \$ 5,045,127 | |
| XBP | Checking - Revenue | | various | | | 0.00% | 0.00% | \$ 238,397 | \$ 191,125 | |
| US Bank | Checking - Investments | | various | | | 0.16% | 0.16% | \$ 712,578 | \$ 3,563 | |
| US Bank | Safekeeping - Discover CD - 3 Yr | 254676CH0 | 12/11/2023 | 12/11/2026 | \$ 244,000 | 4.85% | 4.85% | \$ 244,000 | \$ 244,000 | |
| US Bank | Safekeeping - Greenwood MFCU CD - 3 Yr | 39729LAK7 | 12/11/2023 | 12/11/2026 | \$ 248,000 | 4.90% | 4.90% | \$ 248,000 | \$ 248,000 | |
| US Bank | Safekeeping - Morgan Stanley - 3 Yr | 61690DSC3 | 6/5/2024 | 6/7/2027 | \$ 246,000 | 4.90% | 4.90% | \$ 246,000 | \$ 246,000 | |
| US Bank | Safekeeping - Morgan Stanley Private - 3 Yr | 61768E459 | 6/5/2024 | 6/7/2027 | \$ 246,000 | 4.90% | 4.90% | \$ 246,000 | \$ 246,000 | |
| US Bank | Safekeeping - State Bank of India CD - 3 Yr | 856288AM7 | 12/13/2024 | 12/13/2027 | \$ 244,000 | 4.15% | 4.15% | \$ 244,000 | \$ 244,000 | |
| US Bank | Safekeeping - Celtic Bank CD - 3 Yr | 15118RT31 | 12/20/2024 | 12/20/2027 | \$ 249,000 | 4.05% | 4.05% | \$ 249,000 | \$ 249,000 | |
| Subtotal for Unrestricted Funds: | | | | | | % | | \$ 10,454,912 | \$ 13,990,674 | |
| <i>Weighted Average Yield</i> | | | | | | | | 3.61% | | |

The current investments comply with the requirements of the Investment Policy (P200-14-1)
Sufficient cash is available to meet expected expenditure requirements for the next six months.

| SCOTT'S VALLEY WATER DISTRICT | | | | | | | | | | | | | |
|--|--|--|-----------|-------------------------------|------------|---|-------------------|-------------------|-------------------|-------------------|----------|--------------------|---|
| FY 2027 Budget: Projects Program Projections | | | | | | | | | | | | | |
| CAPITAL IMPROVEMENT AND MAINTENANCE PROJECTS | | | | | | | | | | | | | |
| Category | Project Name | Project Description | Project # | GL # | Cap/ Mntce | FY 2027 Total Budget (FY26 Rollover +New Allocations) | FY 2028 Projected | FY 2029 Projected | FY 2030 Projected | FY 2031 Projected | FY 2032+ | TOTAL FY 2027-2030 | Notes |
| Buildings | Administrative Building Improvements | Repairs and modifications to the office facility to support business operations | C20040 | | | 36,472 | 20,000 | 10,000 | 10,000 | 10,000 | 10,000 | 96,472 | FY26: Replace reduced decking at HQ and other improvements as determined from FY22 investigation FY27: Roofing repairs FY28-32: Siding and various other building repairs |
| Buildings | Corp Yard Improvements | Remove unused infrastructure, paving, heavy equipment shelter. | C24050 | | | 100,425 | 100,000 | 150,000 | | | | 350,425 | FY26: Re-line settling pond FY27: Filter Rise line move to underground (20k; repair building \$15K) roof repair of lab building (51K); Equipment Cover (30) FY28: underground utility abandonment, unused pad removal (\$50K; lighting \$50K) FY29: Repave site 150,000 |
| Distribution System | System wide pressure reduction program | Utilize consultant to model water system and make recommendations to reduce overall pressure in the SVWD system. Implement recommendations where feasible in the distribution system. | C24030 | | Cap | 142,402 | 425,000 | 90,000 | 425,000 | 90,000 | 425,000 | 1,597,402 | FY24: Distribution system modeling/evaluation; FY25: Implementation of distribution system improvements from modeling recommendations. FY26: Implement Meadow Wy pilot project. (rollover funds- need \$175K (engineers est) for implementation (Rollover of projected \$129K plus \$45K for \$175K). Add 20% contingency FY27: Design of Lauren Circle PUV Stations FY28: Construction of Lauren Circle PUV Stations FY29: Design of Sky Park PUV Stations FY30: Construction of Sky Park PUV Stations FY31: Design of Sherman Drive PUV Stations FY32: Construction of Sherman Dr PUV Stations |
| Distribution System | Distribution system improvements in Monteville | Make system improvements in Monteville, including locating and mapping 200+ service lines, evaluate mainline condition. Based upon mainline condition, replace sections of main and/or add additional valves. Eventual replacement of 200+ polyethylene service lines with copper- multi year project. | C24040 | | | 112,045 | 60,000 | 60,000 | 60,000 | | | 292,045 | FY24: Have 3rd party locate and map service lines in Monteville & install insertion valve at 1st entrance of neighborhood. FY25: Installation and/or repair of additional system valves and/or replacing sections to improve isolation capabilities in neighborhood. FY26: Continue to replace service laterals/insertion valves with roll over funds FY27: 2x Valve Installations FY28: 2x Valve Installations FY29: 2x Valve Installations |
| Fleet | Vehicle Replacement Program | Replace aging fleet: one vehicle per year on average, starting FY 2019. | C19070 | 01-300-15002 | Cap | 85,000 | 88,000 | 90,000 | 92,000 | 94,000 | 96,000 | 545,000 | Future Replace F250s |
| Fleet | Specialized Operations Equipment | Replace heavy equipment and specialized vehicles on as-needed basis. | | 01-300-15002 | Cap | 200,000 | | 95,000 | 250,000 | 135,000 | 100,000 | 780,000 | FY21: Backhoe/loader replacement FY22: Dump Truck replacement FY23: Hydroexcavator replacement FY24: Hydraulic winch replacement FY25: Dump Truck replacement |
| Mains | Main Replacement Program - Potable | Replace and upgrade potable water mains based on leak history, service life, and size | C20010 | 01-300-15002 | Cap | 460,000 | 1,050,000 | 900,000 | 900,000 | 90,000 | | 3,400,000 | FY24: Construction Bethany Dr Design/Engineering of 1400 Ft of main on La Madrona Dr. FY25: Construction of La Madrona Dr Main (5250) LF main+ 30k for geotech eval and Belair Ct (5230k). Design of undersized mains on Whispering Pines and Mount Hermon Rd (540k). FY26: Construction Inspection services for La Cuesta Main (550k) FY27: Design of Sawyer Circle Main Replacement (loop- 2" and 4" replacement; 2,400' 590k) and Hwy 17 Undercrossing and Lockhart gulch connection with Green Valley Rd (loop created, 2,000' main 500k) Design for 300' of main replacement at Whispering Pines and Mt. Hermon (590k) Design and Construction of beam at Lucinda Dr Main improvements (5100k); Design of main replacement on Cadillac Dr (590k) FY28: Construction of Whispering Pines/Mt Hermon Rd 8" main (5750k); Construction of Cadillac Dr main replacement (300k) FY29: Construction of Lockhart Gulch Main (900k) FY30: Construction of Sawyer Circle Main Replacement (5900k) FY31: SV Drive Steel Main Replacement Design (590k) |
| Mains | SCWD-SVWD System Intertie | Design and construction of component one: 12" bi-directional pipeline and pump station. | C23010 | | Cap | 492,000 | - | | | | | 492,000 | FY23: Well site land acquisition, planning, design, engineering, & environmental documents. FY24: Design, begin bidding FY25: construction; 50% cost share for grant overages FY26: projected 50% cost share of grant overages \$2,883.1M (Construction -\$13,338M; Grant share is \$4,962M; \$6,620 M is shared between SCWD and SVWD) |
| Meters | Automated Metering Infrastructure (AMI) | Install AMI transmitters on all meters over 3-4 year period. | M17011 | 01-300-15002/ 01-300-15003 | Cap | 38,000 | 38,000 | 38,000 | 38,000 | 38,000 | | 190,000 | FY25: 100 Beacon endpoints for Replacement as needed (\$127.50 each) FY26: 100 endpoints (\$160 each) FY27-32: Replace 200 endpoints per year |
| Meters | Meter Replacement Program | Replace all meters installed before 2012 at the rate of 800-1000 meters per year. | M17011 | 01-300-15003 | Mntce | 86,000 | 86,000 | 86,000 | 36,000 | 36,000 | | 330,000 | FY25: Replace Sensus meters 150x 5/8" per year (\$23,550). Also replace 5x 3/4" (\$950); 25x 1 1/2" (\$16,050); 14x 2" (\$12,000) FY26: 150x 5/8"; 5x 3/4" 25x 1 1/2"; 14x 2" (\$53,815+tax+shipping) FY27: continue to replace Sensus meters 150x; temp labor (50k) FY28: replace 150x sensus meters; temp labor (50k) FY29: meter replacements; temp labor (50k) FY30: 3x Meter replacements FY31: Rehab or relocation alternatives analysis FY32: Design (punchholder) |
| Pump Stations | Monte Fiore PS Rehab | Major upgrade to include equipment shelter, pumps, piping, propane generator, electrical refurbishments and controls. | C24020 | | | 338,977 | 150,000 | | | | | 488,977 | FY25: Design (punchholder) FY26: Design/Construction of inhouse alternative FY28: Replace onsite generator and fuel tank |
| Pump Stations | Sand Hill Pump Station | Major upgrade to include equipment shelter, pumps, piping, propane generator, and controls and potential relocation of pump station | | | | 90,000 | 700,000 | | | | | 790,000 | FY27: Engineering FY28: Project construction, potential land acquisition |
| Tanks | Bethany Tank Rehabilitation | Construct additional tank on-site to allow for roof reconstruction and interior and exterior coating replacement of 400,000 gallon Bethany Tank. Project extends tank service life and provides additional permanent storage and redundancy. | C16024 | 01-300-15002 | Cap | 432,613 | 3,000,000 | 3,000,000 | | | | 6,432,613 | FY22: evaluation assessment FY24: concept alternatives analysis; FY25: geotechnical eval of concept (550k), begin design 550k FY26: Design (\$450k) FY27: Construction (\$5M+ 20% contingency) |

| SCOTT'S VALLEY WATER DISTRICT | | | | | | | | | | | | | |
|--|--|---|-----------|--------------|------------|---|-------------------|-------------------|-------------------|-------------------|----------------|--------------------|--|
| FY 2027 Budget: Projects Program Projections | | | | | | | | | | | | | |
| CAPITAL IMPROVEMENT AND MAINTENANCE PROJECTS | | | | | | | | | | | | | |
| Category | Project Name | Project Description | Project # | GL # | Cap/ Mntce | FY 2027 Total Budget (FY26 Rollover +New Allocations) | FY 2028 Projected | FY 2029 Projected | FY 2030 Projected | FY 2031 Projected | FY 2032+ | TOTAL FY 2027-2030 | Notes |
| Tanks | Glenwood Tank Landslide Evaluation & Repair | Geotechnical evaluation and potential mitigation measures following landslide below Glenwood Tank following the federally declared disaster in January 2023. FEMA/Cal OES funding might be available. | C24010 | | Cap | 1,250,000 | | | | | | 1,250,000 | EY23: Geotech Eval; EY24: FEMA; EY25: Begin engineering EY26: Complete engineering EY27: Complete construction placeholder(pending FEMA funding). |
| Tanks | Sequoia Tank Roof Recoat | Sandblast, recoat roof of Sequoia tank per DDW Sanitary Survey report. Replace tank vents. | C26040 | | Mntce | 10,000 | | | | | | 10,000 | EY25: Sandblast and Re-coat roof at Sequoia Tank; replace tank vents with AWWA approved vents; design and bid doc preparation EY26: rollover, adding \$178k to match engineers estimate plus 20% contingency and 20% for coating inspection services EY27: 1 year inspection with BAC. |
| Technology | SCADA Improvements- Teledesign Radio and Kingfisher RTU Replacements | | C25000 | | | 146,782 | 260,000 | 80,000 | | | | 486,782 | Upgrade obsolete RTU's and Teledesign Radios with Allen Bradley RTUs and GE Orbit Cell Radios in a phased approach. EY25: Upgrade Orchard Run WTP, Southwood tank, southwood booster, polo booster EY26: Monte Flore, Crescent, Villa Fontenay, Mt Roberts, Sand Hill, Glenwood Tank, Bethany tank and booster; EY27: Rollover EY28: Well 10, Sequoia Tank, Well 9, El Pueblo, MacDorsa, 118, 11A, EY29: Recycle WEV, Recycle Tank |
| Treatment Plants | El Pueblo Water Treatment Plant Improvements | Upgrades to the water treatment infrastructure at the El Pueblo Water Treatment Facility | C19020 | 01-300-15002 | Cap | 166,000 | 200,000 | 250,000 | 300,000 | | | 916,000 | EY 24: Filter media replacement following sand from W118, Flow control valve installation; future upgrades dependent upon Grace Wy Well. EY25: Correction of air gap on El Pueblo Tank drain EY26: Correction of air gap on El Pueblo Tank drain (rolled over); El Pueblo WEV valve upgrade 4" to 6" (\$446k remove); Water Quality consulting to look at stopping use of Sodium Hydroxide at El Pueblo WTP (\$464k Use rollover funding); Replace generator at El Pueblo WTP (\$446k use rollover funding) EY27: Installation of plant control panel by in house staff and SCADA contractor EY28: Backwash tank recoat interior and exterior (\$250k EY30: Replace Generator |
| Treatment Plants | Well 10 WTP Improvements | Implement upgrades to the Well 10 WTP Facility | C21010 | 01-300-15002 | Cap | 210,000 | 450,000 | 40,000 | | 750,000 | | 1,450,000 | EY24: pilot study of Greensand Filter Media, recoat filter vessel, replace filter media, installation of VFD at Well 10a; replace Media at DRWTF, replace underdrains and spray arms at DRWTF Filter; Filter media replacement at El Pueblo WTP EY26: Upgrade WTP P&C (\$500k) EY27: PGE Pedestal repair, asphalt sealer (\$10k each) EY28: Automated backwash valves electrical update (450k) EY29: Media changout (\$30k), VFD on Aeration Tower (10k) EY30: EY31: Add backwash tank (dependent on land acquisition |
| Treatment Plants | VFD installation at Orchard Run WTP | | C26020 | | | 160,000 | | | | | | 160,000 | EY26: Installation of VFD's for Boosters 1,2,3 (including hardware, SCADA control). EY26: EY25 carryover- installation of VFD at Well Motor (\$68k) |
| Treatment Plants | Orchard Run Water Treatment Plant Improvements | | | 01-300-15002 | Cap | 75,000 | 10,000 | 300,000 | 100,000 | | | 485,000 | EY22: Booster effluent manifold rebuild (\$50) EY28: asphalt sealer \$10k; EY29: Generator replacement (\$300k) EY30: GAC Media replacement (\$100k); |
| Wells | Grace Wy Well | Construct a new production well that is needed to offset lost production capacity from Well 9 & Well 11A. The replacement well will in part be sited to provide for a more balanced withdrawal rate from the Lompico Aquifer. | C15007 | 01-300-15002 | Cap | 900,000 | | | | | | 900,000 | EY23: property acquisition, design & permitting; EY24: continued design and permitting EY25: construction (carry over \$2.4 m from FY 24); equipping (\$300k) EY26: carryover funding to complete project site improvements, raw water main connection, and well equipping EY28: construction, budget adjustment including equipping costs, hotels, 10% contingency EY29: Property easment acquisition (\$27k)/Wellhead design/construction/programming EY30: Site Improvements: repave (\$75k); fencing (\$50k); Backup Power Generator (\$500k), spare pump, motor and subcable (\$65k); 20% contingency (\$56k) |
| Wells | Well 3B Replacement - Sucinto | Replace aging well 3B with new production well at the Sucinto Drive well site. | C22010 | | Cap | 139,951 | | | | | | 139,951 | |
| Wells | Orchard Run Well Rehab | Orchard Run Well Rehab | | | | 255,000 | | | | | | 255,000 | Maintenance rehab for Orchard Run Well due to decline in GPM (\$110k). Column, pump, motor, wire replacement (\$145k) |
| Total | | | | | | 5,926,667 | 6,637,000 | 5,189,000 | 2,211,000 | 1,243,000 | 631,000 | 21,837,667 | |



SCOTTS VALLEY WATER DISTRICT

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Policy

| | | | |
|---------------------------|--|------------------------|----------|
| Number: | P200-14-1 | Type of Policy: | Finance |
| Title: | Investments | | |
| Description: | Establishes guidelines for investment of the District's surplus cash, reserves, trust funds and restricted monies. | | |
| Original Adoption: | 02/13/14 | Reviewed: | 04/13/24 |
| Review Cycle: | 3 years | Resolution No.: | 01-20 |

The Scotts Valley Water District invests its surplus cash, reserves, trust funds and restricted monies in a manner that will provide the highest investment return with the maximum security while meeting the cash flow demands of the District and conforming to all provisions of California Government Code Section 53600, et seq.

1. **PRUDENCE:** Scotts Valley Water District funds will be invested under the "prudent investor standard" in California Government Code Section 53600.3.
2. **DELEGATION OF AUTHORITY:** Authority to manage the Scotts Valley Water District investment program is derived from the California Government Code Section 53600, et seq. The authority to invest public funds is expressly delegated to the Board of Directors for the subsequent re-delegation to the District General Manager. The District General Manager will establish written procedures for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the District General Manager.
3. **OBJECTIVES:** The primary objectives of the Scotts Valley Water District's investment activities in priority order will be as follows:
 - A. **SAFETY** - Safety of principal is the foremost objective of the investment program. The District's investment portfolio will be designed and undertaken in a manner that seeks to ensure the preservation of the principal invested.
 - B. **LIQUIDITY** - The District's investment portfolio will be designed to remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.
 - C. **RETURN ON INVESTMENTS** - The District's investment portfolio will be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the District's investment risk constraints and the cash flow characteristics of the portfolio.

4. **PERFORMANCE STANDARDS:** The Scotts Valley Water District's investment strategy is passive. Given this strategy, the basis used by the General Manager to determine whether market yields are being achieved will be the 6-month U.S. Treasury Bill and the Federal Funds rate. These indices are considered benchmarks for low risk investment transactions and therefore comprise a minimum standard for the portfolio's rate of return.
5. **AUTHORIZED AND ACCEPTABLE INVESTMENTS:** Investments will only be made as allowable by law with specific reference to California Government Code Section 53600, et seq., and any other applicable provisions of law. District funds will only be invested in the following investment instruments and within any limits indicated.
 - A. **LAIF – The Local Agency Investment Fund (LAIF)** was created by California Government Code Section 16429.1 through 16429.3. LAIF is an investment pool established and controlled by the State of California to afford smaller agencies the benefits of a large investment portfolio such as higher interest rates and greater diversification. Funds are completely liquid except for a limitation of ten (10) transactions per month.
 - B. **LOCAL GOVERNMENT INVESTMENT POOLS –** Established by public agencies in California for the purpose of pooling and investing local agency funds, qualified joint investment pools are authorized by California statute and organized as a Joint Powers Authority where all investments comply with the limits and restrictions placed on local investments by the applicable California statutes.
 - C. **CERTIFICATES OF DEPOSIT –** These are receipts for funds deposited in a bank, savings and loan or credit union for a specific term and rate of interest. The total principal and accrued interest per account and institution will not exceed the account or institution maximum statutory limits for full insurance coverage by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). Further, the financial institution must be a nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union.
 - D. **PASSBOOK SAVINGS ACCOUNTS –** This is a regular liquid savings account at a bank, savings and loan or credit union. The total principal and accrued interest per account and institution will not exceed the account or institution maximum statutory limits for full insurance coverage by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) or meet the collateralization requirements for Public Funds accounts. Further, the financial institution must have a branch located in the United States.
 - E. **U.S. TREASURY AND AGENCY SECURITIES –** Government securities and debt obligations issued by the U.S. Government or its agencies which are secured by the full faith and credit of the federal government. Among these are Treasury Bills and Notes; Government National Mortgage Association (Ginnie Mae); Federal National Mortgage Association (Fannie Mae); Federal Land Bank (FLB) and Federal Farm Credit Banks (FFCB). Securities will be held by third party custodial agreement in an acceptable safekeeping account in the District's name. All confirmation and safekeeping receipts are to be mailed or transmitted directly to the District General Manager for audit.

- F. Any other investment not specifically specified here but which is allowable by all applicable provisions of the law, meets every objective and criteria of this policy and is duly approved by the District Board of Directors.
6. **DIVERSIFICATION:** The purpose of diversification is to reduce overall portfolio risk while attaining market or benchmark yields. The District will make an effort to diversify its investments by security type and institution, especially when there is no decrease in yield. With the exception of U.S. Treasury/Agency/FDIC insured securities and authorized pools, no more than 50% of the District's total investment portfolio will be invested in any single security type. The purchases of certificates of deposit will not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose (California Government Code Section 53601.1).
7. **MATURITY OF INVESTMENTS:** In order to minimize the impact of market risk, to the maximum extent possible, all investments will be held until maturity. Projected cash flow requirements are the primary factor to be used in determining investment maturity terms. After cash flow needs, have been met, yield considerations will be the next factor in determining maturity terms, with the expectations that longer maturity periods will generally yield greater returns on investments. Investments may be sold before maturity if required for cash flow or appreciation purposes.

The maximum maturity term of any investment will not exceed five (5) years, unless prior expressed authority has been granted by the Board of Directors. The District will diversify its investments by maturity date in order to avoid over concentration in any one specific maturity sector. Investments will be made so that the maturity date is compatible with cash flow needs.

8. **REPORTING:** The District's Board of Directors will receive investment reports at least quarterly. The District General Manager will provide to the Board of Directors investment reports which provide a clear picture of the status of the current investment portfolio as required by law (California Government Code Section 53646).

Elements of the report will include the following:

- A. Listing of investments held at the end of the reporting period by authorized investment category to include investment type, issuer names, "days to" maturity, par value amounts, dollar amounts, and market values including the source of valuation.
- B. A listing and description of funds or programs that are under the management of contracted parties.
- C. Percentage of the portfolio represented by each investment category.
- D. Current yield on each investment.
- E. A statement of compliance with the investment policy or an explanation for non-compliance.
- F. A statement of the ability or inability to meet expenditure requirements for six months.

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9. ETHICS AND CONFLICTS OF INTEREST: Officers and employees involved in the District's investment process will refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Officers, employees and investment officials involved in the District's investment process will disclose to the District General Manager any material financial interests in financial institutions that conduct business within the jurisdiction of the Scotts Valley Water District, and they will further disclose any large personal/investment positions that could be related to the performance of the District's investment portfolio. Additionally, the District's officers and employees will annually file the applicable financial disclosures as required by the Fair Political Practices Commission.

 10. INVESTMENT POLICY ADOPTION: The District's investment policy will be adopted by resolution of the Scotts Valley Water District's Board of Directors and reviewed no less frequently than every three years.



| | | | |
|---------------------------|---|------------------------|----------|
| Number: | P200-17-2 | Type of Policy: | Finance |
| Title: | Cash Reserves | | |
| Description: | Establishes guidelines for target cash reserves | | |
| Original Adoption: | 06/8/17 | Reviewed: | 06/09/22 |
| Review Cycle: | 5 years | Resolution No.: | 13-17 |

The Scotts Valley Water District establishes general guidelines for cash reserves at a level reasonably sufficient for supporting District operations, providing continued investment for maintenance and capital projects and meeting debt service requirements.

The Board of Directors authorizes and sets the target cash reserve level to be the aggregate total of the targets for individual reserve categories.

- 1) Operating Reserve: to provide working capital to support the operation, maintenance and administration of the District ensuring that cash flow needs of normal operations are met.
- 2) Rate Stabilization Reserve: to bridge the temporary revenue shortfall resulting from reduced consumption associated with declining water sales or unexpected increase in short-term operation and maintenance expenses.
- 3) Emergency Reserve: to allow the District to provide uninterrupted service in light of a fiscal emergency, natural disaster or major facility failure.
- 4) Capital Reserve: to provide funds for repair, replacement or improvement of District’s infrastructure assets.
- 5) Debt Service Reserve: to ensure adequate funds for full and timely payment of debt obligations.

The appropriate amount of reserves is determined by a variety of factors, such as the operating budget, amount of debt, type of rate structure, frequency of billing and risk of natural disaster. District’s Reserve Targets are established based on the following criteria:

| | |
|----------------------------|---------------------------------------|
| Operating Reserve | 90 days of operating expenses |
| Rate Stabilization Reserve | 20% of volumetric water sales revenue |

| | |
|----------------------|-------------------------|
| Emergency Reserve | 2.5% of asset valuation |
| Capital Reserve | 1 year of depreciation |
| Debt Service Reserve | 100% of debt service |

The target reserve level will be calculated and reaffirmed annually in the budget adoption process. The District makes every attempt to maintain target levels. When the reserves are depleted or fall below the established levels, a plan for replenishment is developed as part of the annual strategic plan and budget.

The cash reserves policy is established to provide general guidelines for fiscally responsible cash management. The policy is not intended to set strict limits that must be adhered to in a vacuum. Instead, these guidelines are intended to serve as a decision-making tool in planning for and evaluating activities or transactions that could have a significant impact on the level of cash on hand.

The reserve level as established by this policy meets the requirements set by District’s debt covenant.



| | | | |
|---------------------------|--|------------------------|---------|
| Number: | P200-19-1 | Type of Policy: | Finance |
| Title: | Delinquent Accounts | | |
| Description: | Provides guidance for the collection of delinquent accounts, including notifications, fees and the disconnection of water service. | | |
| Original Adoption: | 11/14/19 | Reviewed: | 3/10/22 |
| Review Cycle: | 2 years | Resolution No.: | 03-22 |

Background:

Scotts Valley Water District is governed in the execution of the collection of delinquent accounts by California Government Code Sections 60370-60375.5. Furthermore, as an urban or community water system that supplies water to more than 200 service connections, the District is governed, effective by law February 1, 2020, by Senate Bill No. 998 and Government Code Sections 116900 - 116926.

The District can be contacted by phone at (831) 438-2363 to discuss options for averting disconnection of water service for nonpayment under the terms of this policy.

Delinquent Accounts Policy:

Delinquent accounts are any account that remains unpaid (without having made payment arrangements or established an alternative payment schedule) by the close of business 21 days after the water bill date. The following rules apply to delinquent accounts:

- Small Balance Accounts:**
Any balance on a bill of \$25 or less may be carried over and added to the next billing period without being assessed a late fee or incurring further collection action.
- Late Fee:**
If payment for a bill is not received by close of business on the 21st day after the bill date, a late fee will be assessed. The bill date and delinquent date will be displayed prominently on the bill.
- Waiver of Late Fee:**
At the request of the customer, the District will waive the late fee if there are extenuating circumstances.
- Alternative Payment Arrangements:**
Any customer who is unable to pay for water service within the normal payment period may request a payment arrangement. The District will consider the circumstances and determine whether a payment arrangement is warranted.

The District will enter a payment plan when a Primary Care Provider (General Practitioner, Obstetrician/Gynecologist, Pediatrician, Family Practice Physician, Primary Care Clinic, Hospital, or Outpatient Clinic) certifies that the termination of service will be life-threatening or pose a serious threat to the health and safety of any resident of the premises where water service is provided.

Payment arrangements that extend into the next billing period are considered Promissory notes. Promissory notes must be in writing and signed by the customer. Promissory notes amortize the unpaid balance over a period not to exceed 12 months from the bill date. The customer must comply with the terms of the Promissory note and remain current as charges accrue in each subsequent billing period. The customer may not request further amortization of any subsequent unpaid charges while paying delinquent charges pursuant to a Promissory note. Failure to comply with the terms of a Promissory note will result in the issuance of a written disconnection notice in the form of a door hanger delivered to the premises no less than 7 business days in advance of disconnection of service.

5. Written Disconnection Notice

The District shall not disconnect water service for non-payment until payment by the customer has been delinquent for at least 60 days. The District will make a reasonable, good faith effort to contact the customer in writing at least 7 business days before disconnection of water service for non-payment. The written disconnection notice will be delivered to both the mailing address and the service address.

6. Twenty-four (24) Hour Notice of Termination

The District will make a reasonable, good faith effort to notify the customer 24 hours in advance of disconnection of water service for non-payment. Customers will be notified by phone or email.

7. Disconnection Deadline

All delinquent water service charges and associated fees must be received by the District by 5:00 pm on the day specified in the written disconnection notice.

8. Disconnection of Water Service for Non-Payment

The District will disconnect water service by locking off the meter. The customer will be charged a fee to re-establish service regardless of whether the meter has physically been turned off.

9. Re-Establishment of Service

The customer must pay a re-connection fee to re-establish service that has been disconnected for non-payment. The District will restore service as soon as practicable, no later than the end of the next regular working day following payment of any past due amount and delinquent fees. Water service that is turned on by any person other than District personnel or without District authorization may be subject to fines or additional charges or fees. Any damages that occur as a result of unauthorized restoration of service are the responsibility of the customer.

10. Re-Establishment of Service After Business Hours

Service restored after 4:00 pm on weekdays, or anytime on weekends and holidays, will be charged an after-hours re-connection fee. Service will not be restored after regular business hours unless the customer has been informed of the after-hours re-connection fee and has signed an agreement acknowledging the fee and agreeing to contact the District's billing department no later than noon the following business day to pay the subject fee. The after-hours re-connection fee is in addition to the regular re-connection fee and the late fee for a past due account. District staff responding to service calls are not permitted to collect payment but will instruct the customer to contact the billing department before noon the following business day.

11. Notification of Disposition of Returned Check

Upon receipt of a returned check taken as payment of water service or other charges, the District will consider the account not paid. The District will make a reasonable, good faith effort to notify the customer of the returned check by phone or email. A written disconnection notice will be mailed. If the District is unable to make contact, a good faith effort will be made to visit the residence and leave a notice of termination of service.

Water service will be disconnected if the amount of the returned check and the returned check charge are not paid on or before the date specified in the notice of termination. All amounts paid to redeem a returned check and to pay the returned check charge must be in cash, credit card or certified funds.

12. Disputed Bills

If a customer disputes the water bill and exercises their right to appeal to the Board of Directors, the District will not disconnect water service for non-payment while the appeal is pending.



| | | | |
|---------------------------|---|------------------------|---------|
| Number: | P200-21-1 | Type of Policy: | Finance |
| Title: | Debt Management | | |
| Description: | Establishes guidelines for the issuance and management of District debt | | |
| Original Adoption: | 05/13/21 | Reviewed: | n/a |
| Review Cycle: | 5 years | Resolution No.: | 04-21 |

This Debt Management Policy (“Debt Policy”) establishes guidelines for responsibly issuing and administering the District’s debt. Prudent management of the District’s debt program is necessary to achieve cost-effective access to the capital markets and demonstrates a commitment to long-term financial planning.

1. Findings

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and shall govern all debt undertaken by the District.

The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the District’s sound financial position.
- Ensure the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the District’s credit worthiness. Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the District.
- Ensure that the District’s debt is consistent with the District’s planning goals and objectives and capital improvement program or budgets, as applicable.

2. Policies

A. Purposes for Which Debt May Be Issued

(i) Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the District.

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.

- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the District and its ratepayers.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The District may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the Board of Directors.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The District estimates that sufficient revenues will be available to service the debt through its maturity.
- The District determines that the issuance of the debt will comply with the applicable state and federal law.

(ii) Short-term debt. Short-term debt may be issued to provide financing for the District's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment.

(iii) Financings on Behalf of Other Entities. The District may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

B. Types of Debt

For purposes of this Debt Policy, "debt" shall be interpreted broadly to mean loans, bonds, notes, certificates of participation, financing leases, or other financing obligations, but the use of such term in this Debt Policy shall be solely for convenience and shall not be interpreted to characterize any such obligation as an indebtedness or debt within the meaning of any statutory or constitutional debt limitation where the substance and terms of the obligation comport with exceptions thereto.

The following types of debt are allowable under this Debt Policy:

- State or Federal loans, including revolving fund loans
- Loans and lines of credit with banks and other financial institutions

- general obligation bonds
- bond or grant anticipation notes
- lease revenue bonds, certificates of participation and lease-purchase transactions
- other revenue bonds and certificates of participation
- tax and revenue anticipation notes
- land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- refunding bonds, notes, loans and other obligations

The District may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

Debt shall be issued as fixed rate debt unless the District makes a specific determination as to why a variable rate issue would be beneficial to the District in a specific circumstance.

C. Relationship of Debt to Capital Improvement Program and Budget

The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's capital budget and the capital improvement plan.

The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund, facilities reserve fund or other fund from which capital improvements are paid for.

D. Policy Goals Related to Planning Goals and Objectives

The District is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the District's annual operations budget.

It is a policy goal of the District to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the District to do so either for the purpose of realizing debt service savings or for the purpose of restructuring debt in a manner which is in the best financial interests of the District. Any refinancing of debt for the purpose of realizing debt service savings shall achieve a minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount or such lesser amount as shall be designated in the resolution adopted by the Board of Directors which authorizes the refunding proceedings.

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The District will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- the District's investment policies as they relate to the investment of bond proceeds.

It is the policy of the District to ensure that proceeds of debt are spent only on lawful and intended uses. Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the District will submit written requisitions for such proceeds. The District will submit a requisition only after obtaining the signature of the General Manager. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the person performing the function of chief financial officer of the District shall retain records of all expenditures of proceeds through the final payment date for the debt.

**Department Operating Expense Detail
Administration**

| | | Actuals - FY 24-25 | Estimated Y/E - FY25-26 | Proposed FY26-27 Budget |
|-----------------------------|-------------------------------|---------------------------|------------------------------------|------------------------------------|
| 01-100-51110 | Regular Pay | \$ 326,145 | \$ 355,303 | \$ 442,370 |
| 01-100-51150 | Vehicle & Phone Allowance | 3,373 | 2,751 | 3,840 |
| 01-100-51161 | Medicare | 4,662 | 5,152 | 6,470 |
| 01-100-51202 | Retirement - Tier 2 | 28,382 | 27,854 | 31,058 |
| 01-100-51203 | Retirement - Tier 3 | 6,869 | 8,681 | 14,507 |
| 01-100-51204 | Unfunded Pension Liability | 73,411 | 121,554 | 156,835 |
| 01-100-51206 | Retirement - Survivor Benefit | 49 | 49 | 73 |
| 01-100-51210 | Medical Insurance | 39,277 | 47,644 | 75,444 |
| 01-100-51212 | Dental Insurance | 1,818 | 2,623 | 4,598 |
| 01-100-51213 | Vision Insurance | 483 | 501 | 702 |
| 01-100-51214 | Life & AD&D Insurance | 1,443 | 1,615 | 1,679 |
| 01-100-51215 | 457 & HSA Contributions | 5,929 | 6,708 | 9,000 |
| 01-100-51216 | Employee Assistance Program | 64 | 72 | 93 |
| 01-100-51240 | Workers' Compensation | 1,600 | 1,961 | 3,300 |
| 01-100-52110 | Contractual Services | 18,673 | 28,601 | 24,300 |
| 01-100-52120 | Landscape Maint | 2,100 | 650 | 650 |
| 01-100-52210 | Professional Services | 73,530 | 111,637 | 76,500 |
| 01-100-52230 | IT Services | 76,113 | 72,487 | 64,375 |
| 01-100-52231 | Website Maint | 1,488 | 1,502 | 2,250 |
| 01-100-52250 | Legal Counsel | 38,500 | 42,000 | 42,000 |
| 01-100-52280 | Election Services | 125 | - | 50,000 |
| 01-100-52310 | Sewer Service | 645 | 650 | 630 |
| 01-100-52320 | Solid Waste Service | 703 | 800 | - |
| 01-100-52330 | Electricity & Gas | 22,945 | 22,870 | 24,000 |
| 01-100-52340 | Telephone & Internet | 10,224 | 11,685 | 11,000 |
| 01-100-52410 | Software Licensing & Maint | 6,089 | 4,240 | 4,370 |
| 01-100-52420 | Equipment Rental & Maint | 4,759 | 7,256 | 5,180 |
| 01-100-52510 | Travel & Meetings | 5,144 | 8,725 | 10,000 |
| 01-100-52520 | Training | 2,527 | 130 | 2,000 |
| 01-100-52530 | Dues & Memberships | 28,623 | 28,800 | 30,000 |
| 01-100-52540 | Employee Recognition | 2,260 | 706 | 2,500 |
| 01-100-52570 | Printing Services | 1,223 | 380 | 1,000 |
| 01-100-52620 | Legal Advertising | 2,327 | 1,930 | 1,500 |
| 01-100-52630 | Advertising & Promotion | 25,691 | 10,639 | 16,500 |
| 01-100-52660 | Recruitment | 3,567 | 1,506 | 1,000 |
| 01-100-52700 | Safety Services | 375 | - | - |
| 01-100-52725 | HR Processing Fees | 1,949 | 1,532 | 2,000 |
| 01-100-52800 | Regulatory Oversight & Comp | - | - | 100 |
| 01-100-52810 | General Building Maint | 20,192 | 17,167 | 16,500 |
| 01-100-53100 | Office Supplies | 3,190 | 4,960 | 4,500 |
| 01-100-53110 | Building Maint Supplies | 26 | - | - |
| 01-100-53400 | Books & Subscriptions | 236 | 450 | 500 |
| 01-100-53500 | Safety Supplies | 137 | 1,906 | - |
| 01-100-53700 | Special Division Supplies | 2,338 | 1,300 | 4,500 |
| 01-100-53910 | Office Equipment | 4,398 | 425 | 3,500 |
| 01-100-53920 | Furniture & Furnishings | 3,586 | 3,525 | 3,500 |
| 01-100-52211 | Professional Services - SMGWA | 150,079 | 209,480 | 187,074 |
| Total Administration | | \$ 1,007,334 | \$ 1,180,407 | \$ 1,341,896 |

Department Operating Expense Detail
Finance / Customer Service

| | Actuals - FY 24-25 | Estimated Y/E - FY25-26 | Proposed FY26-27 Budget |
|---|---------------------|-------------------------|-------------------------|
| 01-200-51110 Regular Pay | \$ 409,626 | \$ 430,679 | \$ 466,505 |
| 01-200-51114 Overtime Pay | 504 | 157 | 1,000 |
| 01-200-51116 Bonus Pay | 5,657 | 4,907 | 3,257 |
| 01-200-51132 Special Vacation Pay | - | - | 8,024 |
| 01-200-51150 Vehicle & Phone Allowance | 1,794 | 1,865 | 1,920 |
| 01-200-51161 Medicare | 6,080 | 6,341 | 6,912 |
| 01-200-51170 Compensated Absences | 285 | 6,000 | |
| 01-200-51202 Retirement - Tier 2 | 13,991 | 9,760 | 11,574 |
| 01-200-51203 Retirement - Tier 3 | 22,976 | 26,279 | 29,418 |
| 01-200-51206 Retirement - Survivor Benefit | 91 | 89 | 97 |
| 01-200-51210 Medical Insurance | 77,867 | 56,846 | 75,996 |
| 01-200-51211 Med Cash in Lieu | | 1,500 | 3,000 |
| 01-200-51212 Dental Insurance | 3,514 | 3,940 | 6,379 |
| 01-200-51213 Vision Insurance | 872 | 921 | 1,169 |
| 01-200-51214 Life & AD&D Insurance | 1,770 | 2,007 | 1,877 |
| 01-200-51215 457 & HSA Contributions | 8,631 | 8,800 | 8,800 |
| 01-200-51216 Employee Assistance Program | 117 | 124 | 123 |
| 01-200-51220 Other Post-Employment Benefits | 10,261 | 26,730 | 26,286 |
| 01-200-51240 Workers' Compensation | 2,017 | 2,099 | 3,400 |
| 01-200-52210 Professional Services | 8,605 | 70,049 | 30,000 |
| 01-200-52240 Audit Services | 18,500 | 18,500 | 18,500 |
| 01-200-52260 Financial/Regulatory Reporting | 1,509 | 1,718 | 2,250 |
| 01-200-52300 Auto & Liability Insurance | 132,306 | 157,266 | 160,000 |
| 01-200-52400 Property Insurance | 42,581 | 51,634 | 53,500 |
| 01-200-52410 Software Licensing & Maint | 10,748 | 13,785 | 18,000 |
| 01-200-52420 Equipment Rental & Maint | 298 | | 600 |
| 01-200-52510 Travel & Meetings | 5,988 | 3,994 | 8,800 |
| 01-200-52520 Training | 220 | 2,390 | 2,000 |
| 01-200-52550 Printing & Mailing Services | - | - | 100 |
| 01-200-52630 Advertising & Promotion | 610 | 167 | - |
| 01-200-52720 Payroll Processing Fees | 8,287 | 8,141 | 8,400 |
| 01-200-52740 Bank Service Fees | 1,901 | 1,147 | 2,100 |
| 01-200-52760 Health Benefits Admin Fees | 345 | 393 | 500 |
| 01-200-54015 Property Tax Admin Fees | 7,343 | 7,900 | 8,100 |
| 01-200-53200 Postage | 2,096 | 2,000 | 2,000 |
| 01-200-53290 Promotional Give-Aways | - | - | 1,000 |
| 01-200-52415 Software Licensing & Portal | 50,892 | 31,000 | 37,500 |
| 01-200-52555 Printing & Mailing - CA | 25,015 | 24,881 | 28,800 |
| 01-200-52560 Collection Agency Fees | 240 | 300 | 300 |
| 01-200-52650 AMI Data Subscription | 52,569 | 53,437 | 54,000 |
| 01-200-52710 Payment Processing Fees | 101,820 | 109,410 | 110,000 |
| 01-200-53250 Rebates - Pressure Regulators | 2,180 | 2,000 | 2,000 |
| 01-200-53260 Rebates- Turf/Drip Replacement | 30,231 | 13,917 | 60,000 |
| 01-200-53270 Rebates- Outdoor Efficiency | 9,065 | 1,200 | 3,000 |
| 01-200-53280 Rebates- Indoor Efficiencies | 1,100 | 1,300 | 2,000 |
| 01-200-53700 Special Division Supplies | 1,394 | 321 | 1,500 |
| 01-200-59400 Bad Debt | 1,592 | 8,205 | 5,000 |
| 01-200-54010 Property Taxes | 1,707 | 1,744 | 2,000 |
| 01-200-54025 Late Penalties | 1,300 | 386 | |
| 01-200-54740 Interest Expense - 2016 JPMorgan | 25,581 | 12,365 | 4,000 |
| 01-200-54750 Interest Expense - 2021 First Foundation | 130,661 | 124,367 | 118,000 |
| Tota Finance / Customer Service | \$ 1,242,735 | \$ 1,312,960 | \$ 1,399,687 |

**Department Operating Expense Detail
Operations**

| | | Actuals - FY 24-25 | Estimated Y/E - FY25-26 | Proposed FY26-27 Budget |
|--------------|--------------------------------|--------------------|-------------------------|-------------------------|
| 01-300-51110 | Regular Pay | \$ 1,175,285 | \$ 1,198,747 | \$ 1,271,312 |
| 01-300-51114 | Overtime Pay | 100,211 | 100,504 | 90,000 |
| 01-300-51116 | Bonus Pay | 17,160 | 18,000 | 26,294 |
| 01-300-51132 | Special Vacation Pay | 4,393 | 12,000 | 9,000 |
| 01-300-51150 | Vehicle & Phone Allowance | 6,123 | 6,000 | 6,240 |
| 01-300-51161 | Medicare | 18,674 | 18,865 | 19,505 |
| 01-300-51201 | Retirement - Tier 1 | 39,166 | 37,411 | 41,065 |
| 01-300-51202 | Retirement - Tier 2 | 56,595 | 51,611 | 55,871 |
| 01-300-51203 | Retirement - Tier 3 | 36,310 | 39,293 | 43,993 |
| 01-300-51206 | Retirement - Survivor Benefit | 236 | 225 | 242 |
| 01-300-51210 | Medical Insurance | 161,542 | 155,298 | 167,054 |
| 01-300-51211 | Medical Cash-in-lieu | 8,250 | 9,000 | 9,000 |
| 01-300-51212 | Dental Insurance | 10,739 | 12,376 | 12,500 |
| 01-300-51213 | Vision Insurance | 2,357 | 2,011 | 2,600 |
| 01-300-51214 | Life & AD&D Insurance | 2,425 | 2,311 | 2,446 |
| 01-300-51215 | 457 & HSA Contributions | 18,428 | 20,900 | 20,900 |
| 01-300-51216 | Employee Assistance Program | 315 | 300 | 308 |
| 01-300-51220 | Other Post-Employment Benefits | 18,770 | 57,725 | 64,227 |
| 01-300-51240 | Workers' Compensation | 28,788 | 30,000 | 45,700 |
| 01-300-52120 | Landscape Maint | 10,900 | 14,933 | 21,000 |
| 01-300-52210 | Professional Services | 14,655 | 29,638 | 40,300 |
| 01-300-52310 | Sewer Service | 11,888 | 16,685 | 1,000 |
| 01-300-52320 | Solid Waste Service | 13,317 | 18,287 | 9,500 |
| 01-300-52340 | Telephone & Internet | 20,475 | 22,193 | 27,240 |
| 01-300-52420 | Equipment Rental & Maint | 27,614 | 17,669 | 20,000 |
| 01-300-52500 | Uniform Laundering Services | 8,079 | 8,414 | 8,500 |
| 01-300-52510 | Travel & Meetings | 8,208 | 3,601 | 8,000 |
| 01-300-52520 | Training | 9,175 | 4,500 | 29,000 |
| 01-300-52550 | Printing & Mailing Services | 2,382 | 630 | 800 |
| 01-300-52700 | Safety Services | 2,720 | 521 | 15,000 |
| 01-300-52810 | General Building Maint | 5,787 | 3,878 | 7,500 |
| 01-300-52830 | Landfill Fees | 11,617 | 5,932 | 13,000 |
| 01-300-52910 | Vehicle Maint | 41,718 | 52,000 | 40,000 |
| 01-300-52930 | Facility Site Maint | 43,229 | 62,156 | 125,000 |
| 01-300-55130 | GIS Maint | 57,553 | 35,490 | 54,000 |
| 01-300-53100 | Office Supplies | 1,590 | 340 | 2,500 |
| 01-300-53110 | Building Maint Supplies | 1,082 | - | - |
| 01-300-53400 | Books & Subscriptions | 409 | 540 | 1,350 |
| 01-300-53500 | Safety Clothing & Equipment | 13,811 | 9,198 | 15,000 |
| 01-300-53600 | Vehicle Fuel | 24,744 | 22,588 | 36,080 |
| 01-300-53910 | Office Equipment | - | 135 | - |
| 01-300-52800 | Regulatory Oversight & Comp | 44,552 | 48,000 | 65,000 |
| 01-300-53300 | Small Tools & Equipment | 15,285 | 34,651 | 28,000 |
| 01-300-53700 | Special Division Supplies | 3,567 | 3,500 | 7,600 |
| 01-300-56500 | SCADA Maint | 30,285 | 38,918 | 78,000 |
| 01-300-55220 | Intertie Water for Resale | 12,674 | - | - |
| 01-300-55230 | Well Maint | 157,381 | 92,816 | 121,000 |
| 01-300-56310 | Pumps & Boosters | 12,747 | - | 55,000 |
| 01-300-56320 | Pump Facilities Maintenance | 4,968 | 6,400 | 55,000 |
| 01-300-56330 | Pumps - Electricity & Gas | 603,005 | 715,344 | 726,000 |
| 01-300-52315 | Wastewater Disposal | 70,762 | 84,611 | 140,000 |
| 01-300-55110 | Chemical Supplies | 101,198 | 97,889 | 105,000 |
| 01-300-55120 | Laboratory Services | 32,904 | 43,009 | 50,000 |
| 01-300-55210 | Treatment Plant Maint | 108,782 | 188,578 | 145,000 |
| 01-300-52410 | Software Licensing & Maint | 4,413 | 4,536 | 6,500 |
| 01-300-55240 | Tank & Reservoir Maint | 40,275 | 3,835 | 30,000 |
| 01-300-56100 | Main Maint & Repair | 308,128 | 539,359 | 320,000 |
| 01-300-56200 | Service Lateral Maint & Repair | 23,323 | 32,026 | 27,000 |
| 01-300-56400 | Fire Hydrant Maint | 94,481 | 37,196 | 114,000 |
| 01-300-56600 | Meter Maint | 56,965 | 55,074 | 31,500 |

Total PW Operations: \$ 3,762,418 \$ 4,127,647 \$ 4,467,628

Recycled Water Operations

| | | | | |
|--------------|-------------------------------|----------|---------|----------|
| 02-300-56330 | Pumps - Electricity and Power | \$ 4,966 | \$ 970 | \$ 1,200 |
| 02-300-55210 | Treatment Plant Maintenance | 234,672 | 250,000 | 260,000 |

Total RW Operations \$ 239,638 \$ 250,970 \$ 261,200

Department Operating Expense Detail
Engineering

| | | Actuals - FY 24- | Estimated Y/E - | Proposed FY26-27 |
|--------------------------|-------------------------------|-------------------------|------------------------|-------------------------|
| | | 25 | FY25-26 | Budget |
| 01-400-51110 | Regular Pay | \$ 105,422 | \$ 57,535 | \$ 92,163 |
| 01-400-51114 | Overtime Pay | 140 | - | 2,500 |
| 01-400-51116 | Bonus Pay | 2,550 | 2,323 | - |
| 01-400-51150 | Vehicle & Phone Allowance | 482 | 328 | 480 |
| 01-400-51161 | Medicare | 1,618 | 911 | 1,420 |
| 01-400-51202 | Retirement - Tier 2 | 12,597 | 627 | - |
| 01-400-51203 | Retirement - Tier 3 | - | 3,755 | 7,336 |
| 01-400-51206 | Retirement - Survivor Benefit | 24 | 15 | 24 |
| 01-400-51210 | Medical Insurance | - | - | 11,975 |
| 01-400-51211 | Medical Cash-in-lieu | 3,000 | 250 | - |
| 01-400-51212 | Dental Insurance | 1,380 | 369 | 1,337 |
| 01-400-51213 | Vision Insurance | 241 | 153 | 234 |
| 01-400-51214 | Life & AD&D Insurance | 141 | 77 | 132 |
| 01-400-51215 | 457 & HSA Contributions | 2,166 | 1,504 | 2,200 |
| 01-400-51216 | Employee Assistance Program | 32 | 20 | 31 |
| 01-400-51240 | Workers' Compensation | 648 | 550 | 800 |
| 01-400-52210 | Outside Prof Services | 12,233 | 47,674 | 14,500 |
| 01-400-52220 | Engineering Services | 27,018 | 230,000 | 170,000 |
| 01-400-52410 | Software Licensing & Maint | - | 500 | 750 |
| 01-400-52510 | Travel & Meetings | 1,167 | - | 2,500 |
| 01-400-52520 | Training | 125 | 2,000 | 1,500 |
| 01-400-53700 | Special Division Supplies | 11,427 | 11,427 | 1,000 |
| Total Engineering | | \$ 182,409 | \$ 360,018 | \$ 310,882 |

Department Operating Expense Detail
Board of Directors

| | | Actuals - FY 24-25 | Estimated Y/E - FY25-26 | Proposed FY26-27 Budget |
|--------------------------|--------------------------------|--------------------|-------------------------|----------------------------|
| 01-900-51120 | Director Fees | \$ 18,650 | \$ 23,400 | \$ 23,400 |
| 01-900-51161 | Medicare | 239 | 339 | 339 |
| 01-900-51162 | Social Security | 1,023 | 1,451 | 1,451 |
| 01-900-51212 | Dental Insurance | 4,045 | 4,535 | 5,814 |
| 01-900-51213 | Vision Insurance | 965 | 891 | 936 |
| 01-900-51214 | Life & AD&D Insurance | 350 | 333 | 351 |
| 01-900-51220 | Other Post-Employment Benefits | 7,713 | 16,440 | 21,802 |
| 01-900-51240 | Workers' Compensation | 71 | 90 | 200 |
| 01-900-51260 | Medical Premiums | 41,715 | 47,467 | 41,831 |
| 01-900-52510 | Travel & Meetings | 5,997 | 7,925 | 18,400 |
| 01-900-53100 | Office Supplies | - | - | 200 |
| 01-900-53910 | Office Equipment | - | - | 600 |
| Total Board of Directors | | \$ 80,768 | \$ 102,870 | \$ 115,324 |

Scotts Valley Water District

FY 2027 Salaries and Benefits

| COLA: | 2.37% | | | | | |
|---------------------------------------|------------------------|-------------------------|----------------------|----------------------|------------------------|---------------------------|
| | <u>Admin Total</u> | <u>Fin/CS Total</u> | <u>Ops Total</u> | <u>Eng Total</u> | <u>Board Total</u> | <u>District Total</u> |
| SALARIES, WAGES, AND POSITIONS | | | | | | |
| Number of Position Classification(s) | 3.0 | 4.0 | 10.0 | 1.0 | 5.0 | 23.0 |
| Projected Base Annual Salary | 442,370 | 466,505 | 1,271,312 | 92,163 | 23,400 | 2,295,752 |
| TOTAL PROJECTED SALARIES | 442,370 | 466,505 | 1,271,312 | 92,163 | 23,400 | 2,295,752 |
| NON-PERSABLE PAYMENTS | | | | | | |
| Temporary (Bonus) Pay | 0 | 8,335 | 26,294 | 2,765 | 0 | 37,393 |
| Overtime | 0 | 1,000 | 86,400 | 2,500 | 0 | 89,900 |
| Special Vacation | 0 | 3,644 | 11,708 | 0 | 0 | 15,352 |
| SUBTOTAL NON-PERSABLE PAYMENT | 0 | 12,979 | 124,401 | 5,265 | 0 | 142,645 |
| TOTAL PERSABLE SALARIES: | 442,370 | 479,484 | 1,395,714 | 97,428 | 23,400 | 2,438,397 |
| TOTAL SALARIES + WAGES | 442,370 | 479,484 | 1,395,714 | 97,428 | 23,400 | 2,438,397 |
| BENEFITS: | | | | | | |
| Car Allowance | 2,400 | 0 | 2,400 | 0 | 0 | 4,800 |
| Cell Phone Allowance | 1,440 | 1,920 | 3,840 | 480 | 0 | 7,680 |
| Medicare | 6,470 | 6,849 | 19,206 | 1,420 | 339 | 34,284 |
| Social Security | 0 | 0 | 0 | 0 | 1,451 | 1,451 |
| Retirement: | | | | | | |
| 2.7 @ 55 | 0 | 0 | 41,015 | 0 | 0 | 41,015 |
| 2 @ 55 | 31,006 | 20,569 | 63,097 | 7,309 | 0 | 121,981 |
| PEPRA | 14,453 | 27,177 | 36,507 | 0 | 0 | 78,138 |
| Unfunded Liability | 156,835 | 0 | 0 | 0 | 0 | 156,835 |
| Retirement-Survivor Benefit | 73 | 97 | 242 | 24 | 0 | 435 |
| Health | | | | | | |
| Medical | 75,444 | 47,901 | 167,054 | 11,975 | 41,831 | 446,472 |
| Cash-in-lieu | 0 | 250 | 9,000 | 0 | 0 | 9,250 |
| Dental | 4,598 | 5,163 | 14,831 | 1,337 | 5,814 | 42,010 |
| Vision | 702 | 936 | 2,339 | 234 | 936 | 8,185 |
| Life & AD&D | 1,679 | 1,877 | 2,446 | 132 | 351 | 6,485 |
| Deferred comp (IRS 457)/HAS | 9,000 | 8,800 | 20,900 | 2,200 | 0 | 40,900 |
| EAP | 93 | 123 | 308 | 31 | 0 | 555 |
| OPEB | 0 | 29,545 | 64,227 | 0 | 21,802 | 0 |
| Workers Comp | 3,300 | 3,400 | 45,700 | 799 | 171 | 53,370 |
| Tuition Reimbursement | 0 | 2,900 | 0 | 0 | 0 | 2,900 |
| TOTAL FRINGE BENEFITS: | 307,490 | 157,507 | 493,113 | 25,940 | 72,695 | 1,056,745 |
| TOTAL SALARIES AND BENEFITS: | 749,861 | 636,991 | 1,888,827 | 123,369 | 96,095 | 3,495,142 |

| Period Ending | 2016 JPMorgan Debt Service | | 2016 JPMorgan Loan | |
|------------------|----------------------------|------------|--------------------|-----------------|
| | Principal | Interest | Interest | Total DS |
| | 7/1/2017 | \$ 452,927 | 59,067.11 | \$ 59,067.11 |
| 1/1/2018 | | 51,815.29 | \$ 51,815.29 | \$ 51,815.29 |
| 7/1/2018 | 460,030 | 51,768.75 | \$ 51,768.75 | \$ 511,798.75 |
| 1/1/2019 | | 47,442.54 | \$ 47,442.54 | \$ 47,442.54 |
| 7/1/2019 | 468,579 | 47,513.47 | \$ 47,513.47 | \$ 516,092.47 |
| 1/1/2020 | | 43,082.79 | \$ 43,082.79 | \$ 43,082.79 |
| 7/1/2020 | 567,298 | 43,179.11 | \$ 43,179.11 | \$ 610,477.11 |
| 1/1/2021 | | 37,902.46 | \$ 37,902.46 | \$ 37,902.46 |
| 7/1/2021 | 662,832 | 37,931.60 | \$ 37,931.60 | \$ 700,763.60 |
| 1/1/2022 | | 31,800.41 | \$ 31,800.41 | \$ 31,800.41 |
| 7/1/2022 | 671,991 | 31,800.41 | \$ 31,800.41 | \$ 703,791.41 |
| 1/1/2023 | | 25,584.49 | \$ 25,584.49 | \$ 25,584.49 |
| 7/1/2023 | 685,320 | 25,584.38 | \$ 25,584.38 | \$ 710,904.38 |
| 1/1/2024 | | 19,245.28 | \$ 19,245.28 | \$ 19,245.28 |
| 7/1/2024 | 697,811 | 19,245.28 | \$ 19,245.28 | \$ 717,056.28 |
| 1/1/2025 | | 12,790.53 | \$ 12,790.53 | \$ 12,790.53 |
| 7/1/2025 | 714,404 | 12,790.53 | \$ 12,790.53 | \$ 727,194.53 |
| 1/1/2026 | | 6,182.29 | \$ 6,182.29 | \$ 6,182.29 |
| 7/1/2026 | 467,752 | 6,182.29 | \$ 6,182.29 | \$ 473,934.29 |
| 1/1/2027 | | 1,855.59 | \$ 1,855.59 | \$ 1,855.59 |
| 7/1/2027 | 200,604 | 1,855.59 | \$ 1,855.59 | \$ 202,459.59 |
| 1/1/2028 | | | | |
| | \$ 6,049,548 | 614,620.19 | \$ 614,620.19 | \$ 6,664,168.19 |

| Period Ending | 2021 First Foundation | | |
|------------------|-----------------------|-----------|---------------|
| | Debt Service | | |
| | Principal | Interest | Total DS |
| 1/1/2022 | | 22,506.36 | \$ 22,506.36 |
| 7/1/2022 | \$ 240,000 | 27,377.39 | \$ 267,377.39 |
| 1/1/2023 | | 71,381.25 | \$ 71,381.25 |
| 7/1/2023 | 246,000 | 71,381.25 | \$ 317,381.25 |
| 1/1/2024 | | 68,392.35 | \$ 68,392.35 |
| 7/1/2024 | 252,000 | 68,392.35 | \$ 320,392.35 |
| 1/1/2025 | | 65,330.55 | \$ 65,330.55 |
| 7/1/2025 | 259,000 | 65,330.55 | \$ 324,330.55 |
| 1/1/2026 | | 62,183.70 | \$ 62,183.70 |
| 7/1/2026 | 265,000 | 62,183.70 | \$ 327,183.70 |
| 1/1/2027 | | 58,963.95 | \$ 58,963.95 |
| 7/1/2027 | 271,000 | 58,963.95 | \$ 329,963.95 |
| 1/1/2028 | | 55,671.30 | \$ 55,671.30 |
| 7/1/2028 | 278,000 | 55,671.30 | \$ 333,671.30 |
| 1/1/2029 | | 52,293.60 | \$ 52,293.60 |
| 7/1/2029 | 285,000 | 52,293.60 | \$ 337,293.60 |
| 1/1/2030 | | 48,830.85 | \$ 48,830.85 |
| 7/1/2030 | 292,000 | 48,830.85 | \$ 340,830.85 |
| 1/1/2031 | | 45,283.05 | \$ 45,283.05 |
| 7/1/2031 | 299,000 | 45,283.05 | \$ 344,283.05 |
| 1/1/2032 | | 41,650.20 | \$ 41,650.20 |
| 7/1/2032 | 307,000 | 41,650.20 | \$ 348,650.20 |
| 1/1/2033 | | 37,920.15 | \$ 37,920.15 |
| 7/1/2033 | 314,000 | 37,920.15 | \$ 351,920.15 |
| 1/1/2034 | | 34,105.05 | \$ 34,105.05 |
| 7/1/2034 | 322,000 | 34,105.05 | \$ 356,105.05 |
| 1/1/2035 | | 30,192.75 | \$ 30,192.75 |
| 7/1/2035 | 330,000 | 30,192.75 | \$ 360,192.75 |
| 1/1/2036 | | 26,183.25 | \$ 26,183.25 |
| 7/1/2036 | 338,000 | 26,183.25 | \$ 364,183.25 |
| 1/1/2037 | | 22,076.55 | \$ 22,076.55 |
| 7/1/2037 | 346,000 | 22,076.55 | \$ 368,076.55 |
| 1/1/2038 | | 17,872.65 | \$ 17,872.65 |
| 7/1/2038 | 355,000 | 17,872.65 | \$ 372,872.65 |
| 1/1/2039 | | 13,559.40 | \$ 13,559.40 |
| 7/1/2039 | 363,000 | 13,559.40 | \$ 376,559.40 |
| 1/1/2040 | | 9,148.95 | \$ 9,148.95 |
| 7/1/2040 | 372,000 | 9,148.95 | \$ 381,148.95 |