



**SPECIAL BOARD MEETING AGENDA  
TRABUCO CANYON WATER DISTRICT  
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CALIFORNIA  
ADMINISTRATIVE FACILITY  
APRIL 28, 2025 AT 6:30 P.M.**

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**NOTICE OF SPECIAL BOARD MEETING**

*NOTICE IS HEREBY GIVEN PURSUANT TO GOVERNMENT CODE SECTION 54956 THAT A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE TRABUCO CANYON WATER DISTRICT WILL BE HELD ON MONDAY, APRIL 28, 2025, AT 6:30 P.M. AND WILL BE CONDUCTED IN PERSON BUT WILL BE AVAILABLE FOR PARTICIPATION BY THE PUBLIC BY TELEPHONE AUDIO AS DESCRIBED BELOW.*

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**BOARD OF DIRECTORS**

Edward Mandich, President  
Glenn Acosta, Vice President  
Mark Anderson, Director  
John Horst, Director  
Michael Safranski, Director

**DISTRICT STAFF**

Fernando Paludi, General Manager  
Michael Perea, District Secretary  
Hanson Bridgett LLP, District General Legal Counsel

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**AGENDA NOTE:**

*Trabuco Canyon Water District (District) will make this Regular Board Meeting available by telephone audio as follows:*

**Telephone Audio:** 1 (669) 900-6833 (Toll Free)      **Access Code:** 913-8681-1652

*Persons desiring to monitor the Board meeting agenda items may download the Board meeting agenda and documents on the internet at [www.tcwd.ca.gov](http://www.tcwd.ca.gov). You may submit public comments by email to the Board at [mperea@tcwd.ca.gov](mailto:mperea@tcwd.ca.gov). In order to be part of the record, emailed comments on meeting agenda items must be received by the District, at the referenced e-mail address, not later than 1:00 p.m. (PDT) on the day of the meeting.*

**CALL MEETING TO ORDER & PLEDGE OF ALLEGIANCE**

**VISITOR PARTICIPATION**

*Members of the public wishing to address the Board regarding a particular item on the agenda are requested to submit public comments by email to the Board at [mperea@tcwd.ca.gov](mailto:mperea@tcwd.ca.gov). Public comments may also be submitted by teleconference during the meeting. The Board President will call on the visitor following the Board's discussion about the matter. Members of the public will be given the opportunity to speak prior to the Board taking action on that item. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.*

**ORAL COMMUNICATION**

*Members of the public who wish to comment on matters not appearing on the agenda are requested to submit oral communication by email to the Board at [mperea@tcwd.ca.gov](mailto:mperea@tcwd.ca.gov). Public comments may also be submitted by teleconference during the meeting. Under the requirements of State Law, Directors cannot act on items not identified on the agenda and will not make decisions on such matters. The Board President may direct District Staff to follow up on issues as may be deemed appropriate. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.*

**DIRECTORS' COMMENTS AND MEETING REPORTS**

**REPORT FROM THE GENERAL MANAGER**

## ACTION CALENDAR

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All matters under the Action Calendar have been reviewed by the General Manager and Staff prior to the Board's consideration.

### ADMINISTRATIVE MATTERS

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#### ITEM 1: RESOLUTION AUTHORIZING REQUEST FOR PROPOSALS FOR POTENTIAL COMBINED SERVICES TO ACHIEVE RATE RELIEF

**RECOMMENDED ACTION(S):**

*That the Board of Directors adopt Resolution No. 2025-1347 authorizing the General Manager to issue a Request for Proposals for Potential Combined Services Options to Achieve Rate Relief.*

#### ITEM 2: TRABUCO CANYON WATER DISTRICT FISCAL YEAR 2025-26 BUDGET WORKSHOP

**RECOMMENDED ACTION(S):**

*Receive information at the time of the meeting and take action(s) as deemed appropriate.*

### END ACTION CALENDAR & ADJOURNMENT

#### AVAILABILITY OF AGENDA MATERIALS

Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Trabuco Canyon Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection at the Trabuco Canyon Water District Administrative Facility, 32003 Dove Canyon Drive, Trabuco Canyon, California (District Administrative Facility) and will be posted online on the District's website located at [www.tcwd.ca.gov](http://www.tcwd.ca.gov). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available online at [www.tcwd.ca.gov](http://www.tcwd.ca.gov) at the same time as they are distributed to the Board Members, except that, if such writings are distributed immediately prior to or during the meeting, they will be posted online on the District's website located at [www.tcwd.ca.gov](http://www.tcwd.ca.gov).

#### COMPLIANCE WITH THE REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE SECTION 54954.2

In compliance with California law and the Americans with Disabilities Act, if you need special disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 858-0277, at least 48 hours in advance of the scheduled Board meeting. Notification at least 48 hours prior to the meeting will assist the District in making reasonable arrangements to accommodate your request. The Board Meeting Room is wheelchair accessible.



**TRABUCO CANYON WATER DISTRICT  
SPECIAL BOARD MEETING | APRIL 28, 2025**

**ACTION CALENDAR**

**ADMINISTRATIVE MATTERS**

**ITEM 1: RESOLUTION AUTHORIZING REQUEST FOR PROPOSALS FOR POTENTIAL COMBINED SERVICES TO ACHIEVE RATE RELIEF**

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At the April 16, 2025 Regular Board Meeting, the Board of Directors discussed the concept of preparing and issuing a Request for Proposals from neighboring agencies to gauge interest in and potentially receive information regarding options for achieving rate relief for District customers. The Board desires to proceed in a manner consistent with the Board's criteria and District goals, and that provides an opportunity for non-binding evaluation of potential strategies that would be in the best long-term interests of the ratepayers.

The intent of Resolution No. 2025-1347 is for the Board to authorize the General Manager to issue a Request for Proposals to neighboring public agencies for options to achieve rate relief through potentially combining services.

**FUNDING SOURCE:**

Not applicable.

**FISCAL IMPACT:**

There is no fiscal impact associated with this recommended action.

**COMMITTEE STATUS:**

This item was not reviewed by a Committee.

**RECOMMENDED ACTIONS:**

*That the Board of Directors adopt Resolution No. 2025-1347 authorizing the General Manager to issue a Request for Proposals for Potential Combined Services Options to Achieve Rate Relief.*

**EXHIBIT(S):**

1. Draft Resolution No. 2025-1347

**CONTACTS (staff responsible): PALUDI/COLLINS**

**RESOLUTION NO. 2025-1347**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE TRABUCO CANYON WATER DISTRICT  
AUTHORIZING THE GENERAL MANAGER TO ISSUE  
A REQUEST FOR PROPOSALS FOR COMBINED SERVICES TO ACHIEVE RATE RELIEF**

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The Trabuco Canyon Water District (“TCWD” or “District”) owns and operates a potable water system, a recycled water system, and a wastewater system.

As part of its fiscal duty to District ratepayers, the Board is interested in evaluating options to achieve rate relief for its customers while ensuring long-term reliability of water supply and delivery and sewage collection and treatment. Among the various options for rate relief is the potential to combine some or all of the District’s services with services provided by neighboring public agencies.

The intent of this resolution is for the Board to authorize the General Manager to issue a Request for Proposals to neighboring public agencies for options to achieve rate relief through combining services.

**THE BOARD OF DIRECTORS OF THE TRABUCO CANYON WATER DISTRICT THEREFORE RESOLVES AS FOLLOWS:**

**Section 1.** The Board hereby finds and determines as follows:

- (a) This resolution does not create any binding responsibilities on the part of the District.
- (b) The District seeks to issue a Request for Proposals to solicit potential options for rate relief through combining services with neighboring utility providers, subject to further negotiation of key terms.
- (c) The District will consider combined services options that will:
  - (i) result in significant rate relief for District customers;
  - (ii) ensure the same or better quality of service to customers in the District’s jurisdiction;
  - (iii) ensure local representation;
  - (iv) maximize TCWD employee retention; and
  - (v) such other terms as the Board may require.
- (d) The District will consider proposals including total annexation, partial annexation, combined or shared services, contract operation, or other options that will meet the goals of Section 1(c).

**Section 2.** The General Manager is hereby directed to prepare and issue a Request for Proposals from public agencies for potential combined services options.

**ADOPTED, SIGNED AND APPROVED** on April 28, 2025.

**TRABUCO CANYON WATER DISTRICT**

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President/Vice President

**RESOLUTION NO. 2025-1347**

\_\_\_\_\_  
Secretary/Assistant Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
District Counsel

DRAFT

**RESOLUTION NO. 2025-1347**

STATE OF CALIFORNIA        )  
  ) ss.  
COUNTY OF ORANGE        )

I, Michael Perea, Secretary of the Board of the Trabuco Canyon Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of said District at a meeting of said Board held on April 28, 2025, of which meeting all of the members of the Board had due notice and at which a quorum thereof were present and acting throughout and for which notice and an agenda was prepared and posted as required by law and that at such meeting such resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

DRAFT

\_\_\_\_\_  
Secretary of the Board,  
Trabuco Canyon Water District

STATE OF CALIFORNIA        )  
  ) ss.  
COUNTY OF ORANGE        )

I, Michael Perea, Secretary of the Board of the Trabuco Canyon Water District, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2025-1347 of such Board and that the same has not been amended or repealed.

Dated this 28<sup>th</sup> day of April, 2025.

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Secretary of the Board,  
Trabuco Canyon Water District

DRAFT

**TRABUCO CANYON WATER DISTRICT  
SPECIAL BOARD MEETING | APRIL 28, 2025**

**ACTION CALENDAR**

**ADMINISTRATIVE MATTERS**

**ITEM 2: TRABUCO CANYON WATER DISTRICT FISCAL YEAR 2025-26 BUDGET WORKSHOP**

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Trabuco Canyon Water District staff will provide an overview of the 10-year financial plan and proposed FY 2026 Operating and Capital Budgets for review and discussion by the Board of Directors.

**FUNDING SOURCE:**

Not applicable.

**FISCAL IMPACT:**

There is no fiscal impact associated with the budget workshop.

**COMMITTEE STATUS:**

This item was not reviewed by a Committee.

**RECOMMENDED ACTION:**

*Receive information at the time of the meeting and take action(s) as deemed appropriate.*

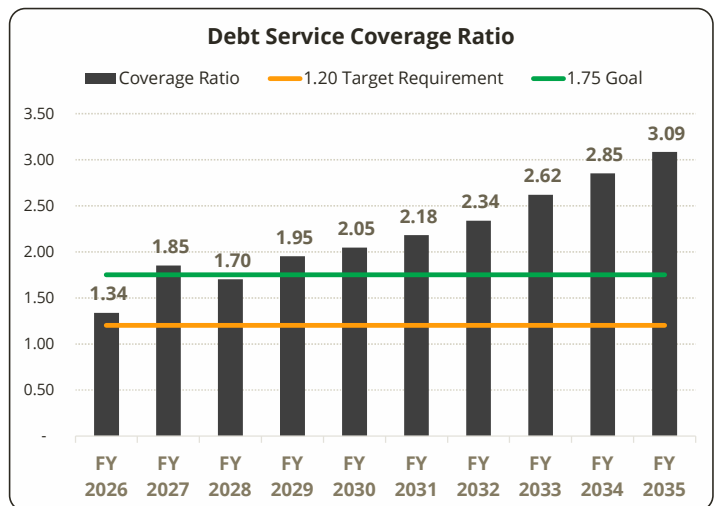
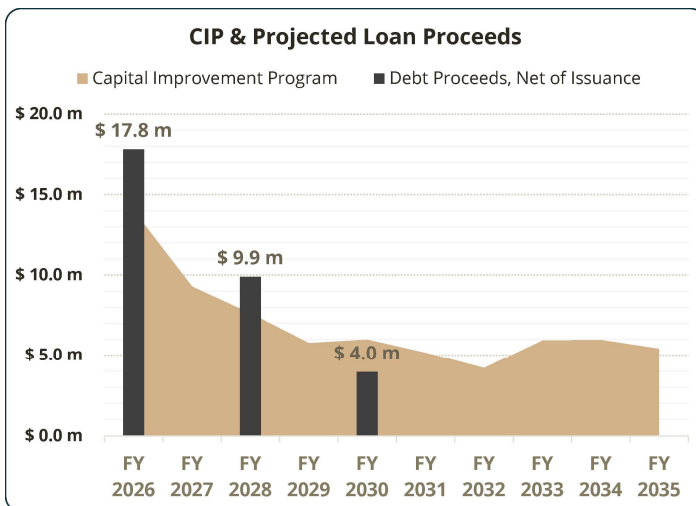
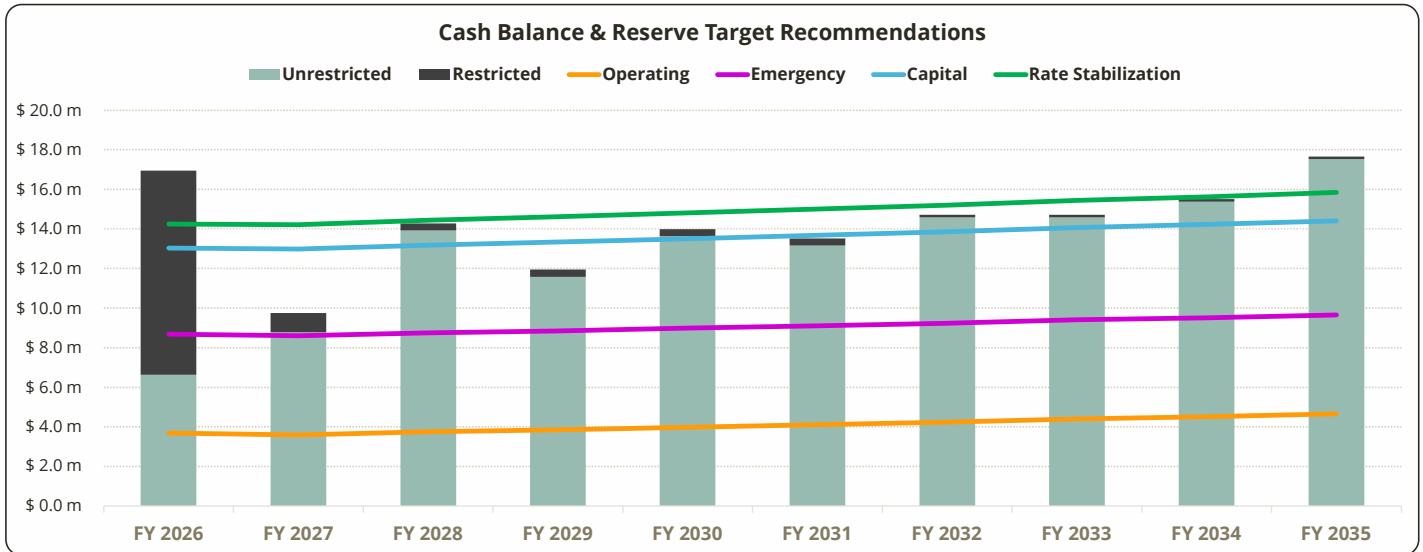
**EXHIBIT(S):**

1. Trabuco Canyon Water District FY 2026 Budget Materials, including:
  - a. Proposed 10-yr Financial Plan
  - b. Proposed 10-yr Capital Improvement Plan (CIP) dashboard
  - c. Proposed FY 2026 CIP
  - d. Proposed FY 2026 Operating Budget Summary and Detail
  - e. Proposed FY 2026 Operation Budget Narrative

**CONTACTS (staff responsible): PALUDI/BERG/WARNER**

## District Schedule A: FY 2026 Proposed 10-Year Financial Plan

|  |  | Water Revenue Adjustment |                   |                   | WasteWater Revenue Adjustment |                   |                   | Recycled Revenue Adjustment |                   |                   |                   |      |  |
|--|--|--------------------------|-------------------|-------------------|-------------------------------|-------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|------|--|
|  |  | 24.0%                    | 10.0%             | 10.0%             | 6.0%                          | 6.0%              | 3.0%              | 3.0%                        | 3.0%              | 3.0%              | 3.0%              | 3.0% |  |
|  |  | 16.0%                    | 12.0%             | 12.0%             | 12.0%                         | 9.0%              | 9.0%              | 9.0%                        | 9.0%              | 9.0%              | 9.0%              | 9.0% |  |
|  |  | 18.0%                    | 10.0%             | 10.0%             | 6.0%                          | 6.0%              | 3.0%              | 3.0%                        | 3.0%              | 3.0%              | 3.0%              | 3.0% |  |
|  |  | FY 2026                  | FY 2027           | FY 2028           | FY 2029                       | FY 2030           | FY 2031           | FY 2032                     | FY 2033           | FY 2034           | FY 2035           |      |  |
| <b>TRABUCO CANYON<br/>WATER DISTRICT</b> |  | Proposed Budget          | Projected Results | Projected Results | Projected Results             | Projected Results | Projected Results | Projected Results           | Projected Results | Projected Results | Projected Results |      |  |
| 1  | Fixed Service Charges                      | \$ 4.66 m                | \$ 5.12 m         | \$ 5.63 m         | \$ 6.32 m                     | \$ 6.70 m         | \$ 6.90 m         | \$ 7.10 m                   | \$ 7.32 m         | \$ 7.54 m         | \$ 7.76 m         |      |  |
| 2  | Fixed Service Charges Pass-Through         | 0.18 m                   | 0.31 m            | 0.32 m            |                               |                   |                   |                             |                   |                   |                   |      |  |
| 3  | Variable Service Charges                   | 6.80 m                   | 7.56 m            | 8.32 m            | 9.62 m                        | 10.20 m           | 10.50 m           | 10.82 m                     | 11.14 m           | 11.48 m           | 11.82 m           |      |  |
| 4  | Variable Service Charges Pass-Through      | 0.42 m                   | 0.73 m            | 0.74 m            |                               |                   |                   |                             |                   |                   |                   |      |  |
| 5  | BTP Wholesale Charges                      | 1.70 m                   | 1.78 m            | 1.86 m            | 1.94 m                        | 2.02 m            | 2.11 m            | 2.20 m                      | 2.29 m            | 2.40 m            | 2.50 m            |      |  |
| 6  | Wastewater Charges                         | 2.97 m                   | 3.33 m            | 3.73 m            | 4.18 m                        | 4.55 m            | 4.96 m            | 5.41 m                      | 5.89 m            | 6.42 m            | 7.00 m            |      |  |
| 7  | Property Tax Receipts                      | 2.41 m                   | 2.46 m            | 2.51 m            | 2.56 m                        | 2.61 m            | 2.66 m            | 2.71 m                      | 2.76 m            | 2.82 m            | 2.88 m            |      |  |
| 8  | Other Revenue                              | 1.18 m                   | 0.73 m            | 0.83 m            | 0.79 m                        | 0.84 m            | 0.84 m            | 0.87 m                      | 0.87 m            | 0.90 m            | 0.95 m            |      |  |
| 9  | <b>Total Revenue</b>                       | <b>20.32 m</b>           | <b>22.02 m</b>    | <b>23.94 m</b>    | <b>25.40 m</b>                | <b>26.91 m</b>    | <b>27.96 m</b>    | <b>29.11 m</b>              | <b>30.29 m</b>    | <b>31.55 m</b>    | <b>32.91 m</b>    |      |  |
| 10                                       | Source of Supply                           | 3.82 m                   | 3.11 m            | 3.26 m            | 3.41 m                        | 3.56 m            | 3.73 m            | 3.90 m                      | 4.08 m            | 4.27 m            | 4.47 m            |      |  |
| 11                                       | Cost of BTP Wholesale                      | 1.49 m                   | 1.57 m            | 1.64 m            | 1.72 m                        | 1.81 m            | 1.89 m            | 1.98 m                      | 2.08 m            | 2.18 m            | 2.29 m            |      |  |
| 12                                       | Staffing Resources                         | 5.87 m                   | 6.04 m            | 6.22 m            | 6.42 m                        | 6.59 m            | 6.75 m            | 6.91 m                      | 7.07 m            | 7.24 m            | 7.42 m            |      |  |
| 13                                       | Operations & Maintenance                   | 2.45 m                   | 2.53 m            | 2.62 m            | 2.71 m                        | 2.80 m            | 2.90 m            | 3.00 m                      | 3.10 m            | 3.21 m            | 3.32 m            |      |  |
| 14                                       | General & Administrative                   | 2.61 m                   | 2.69 m            | 2.90 m            | 2.88 m                        | 2.96 m            | 3.05 m            | 3.13 m                      | 3.35 m            | 3.31 m            | 3.41 m            |      |  |
| 15                                       | <b>Total Expense</b>                       | <b>16.24 m</b>           | <b>15.94 m</b>    | <b>16.63 m</b>    | <b>17.14 m</b>                | <b>17.72 m</b>    | <b>18.32 m</b>    | <b>18.93 m</b>              | <b>19.68 m</b>    | <b>20.22 m</b>    | <b>20.90 m</b>    |      |  |
| 16                                       | <b>Net Income / (Loss) from Operations</b> | <b>4.09 m</b>            | <b>6.08 m</b>     | <b>7.31 m</b>     | <b>8.26 m</b>                 | <b>9.19 m</b>     | <b>9.65 m</b>     | <b>10.18 m</b>              | <b>10.60 m</b>    | <b>11.33 m</b>    | <b>12.01 m</b>    |      |  |
| 17                                       | Debt Proceeds, Net of Issuance             | 17.82 m                  |                   | 9.90 m            |                               | 3.96 m            |                   |                             |                   |                   |                   |      |  |
| 18                                       | Grant Funding Receipts                     | 0.73 m                   | 0.49 m            |                   |                               |                   |                   |                             |                   |                   |                   |      |  |
| 19                                       | Capital Improvement Program                | - 14.01 m                | - 9.30 m          | - 7.62 m          | - 5.79 m                      | - 6.01 m          | - 5.18 m          | - 4.22 m                    | - 5.95 m          | - 5.98 m          | - 5.42 m          |      |  |
| 20                                       | CIP Contingency                            | - 1.40 m                 | - 0.93 m          | - 0.76 m          | - 0.58 m                      | - 0.60 m          | - 0.52 m          | - 0.42 m                    | - 0.60 m          | - 0.60 m          | - 0.54 m          |      |  |
| 21                                       | Debt Service                               | - 3.60 m                 | - 3.55 m          | - 4.29 m          | - 4.23 m                      | - 4.49 m          | - 4.42 m          | - 4.35 m                    | - 4.05 m          | - 3.97 m          | - 3.89 m          |      |  |
| 22                                       | <b>Net Change in Cash</b>                  | <b>\$ 3.62 m</b>         | <b>-\$ 7.21 m</b> | <b>\$ 4.54 m</b>  | <b>-\$ 2.34 m</b>             | <b>\$ 2.06 m</b>  | <b>-\$ 0.47 m</b> | <b>\$ 1.18 m</b>            | <b>\$ 0.01 m</b>  | <b>\$ 0.79 m</b>  | <b>\$ 2.16 m</b>  |      |  |

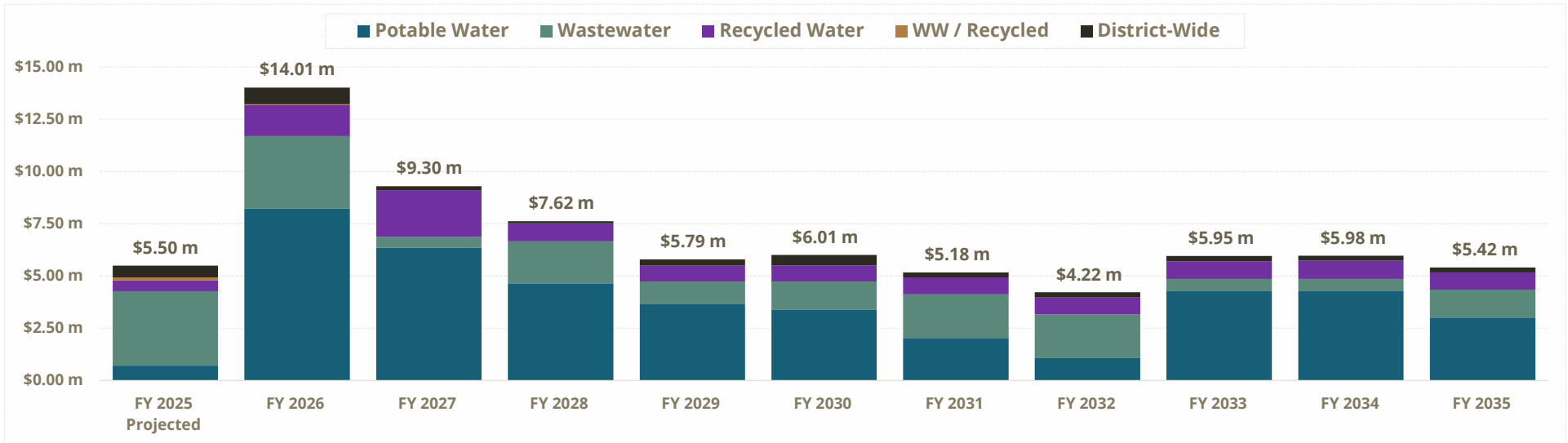


10-YEAR CIP DASHBOARD



| System        |               |                |            |               |
|---------------|---------------|----------------|------------|---------------|
| District-Wide | Potable Water | Recycled Water | Wastewater | WW / Recycled |


|                  | FY 2025 Projected | FY 2026          | FY 2027         | FY 2028         | FY 2029         | FY 2030         | FY 2031         | FY 2032         | FY 2033         | FY 2034         | FY 2035         |
|------------------|-------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Potable Water    | \$0.71 m          | \$8.22 m         | \$6.34 m        | \$4.65 m        | \$3.65 m        | \$3.40 m        | \$2.04 m        | \$1.07 m        | \$4.27 m        | \$4.27 m        | \$3.01 m        |
| Wastewater       | \$3.56 m          | \$3.47 m         | \$0.54 m        | \$2.00 m        | \$1.10 m        | \$1.33 m        | \$2.09 m        | \$2.09 m        | \$0.59 m        | \$0.59 m        | \$1.34 m        |
| Recycled Water   | \$0.51 m          | \$1.49 m         | \$2.23 m        | \$0.87 m        | \$0.75 m        | \$0.77 m        | \$0.80 m        | \$0.82 m        | \$0.84 m        | \$0.87 m        | \$0.82 m        |
| WW / Recycled    | \$0.15 m          | \$0.03 m         | \$0.00 m        | \$0.00 m        | \$0.00 m        | \$0.00 m        | \$0.00 m        | \$0.00 m        | \$0.00 m        | \$0.00 m        | \$0.00 m        |
| District-Wide    | \$0.56 m          | \$0.80 m         | \$0.20 m        | \$0.10 m        | \$0.30 m        | \$0.50 m        | \$0.25 m        | \$0.25 m        | \$0.25 m        | \$0.25 m        | \$0.25 m        |
| <b>Total CIP</b> | <b>\$5.50 m</b>   | <b>\$14.01 m</b> | <b>\$9.30 m</b> | <b>\$7.62 m</b> | <b>\$5.79 m</b> | <b>\$6.01 m</b> | <b>\$5.18 m</b> | <b>\$4.22 m</b> | <b>\$5.95 m</b> | <b>\$5.98 m</b> | <b>\$5.42 m</b> |



| TOP TEN PROJECT BUDGETS |                      |  | TOP TEN BUDGETS NEXT YEAR |                      |  |
|-------------------------|----------------------|--|---------------------------|----------------------|--|
| Row Labels              | 10-Year Budget       | Project Title  | Row Labels                | FY 2026              | Project Title  |
| PW-03                   | \$ 11,000,000        | Transmission Main Replacement - DWTP to Ridgeline Pump Station | PW-03                     | \$ 7,000,000         | Transmission Main Replacement - DWTP to Ridgeline Pump Station |
| PW-26                   | \$ 5,903,100         | New Reservoir - Effective Volume 1.5 MG                        | WW-40                     | \$ 1,290,177         | WWTP Hoffman Blower Building Rehabilitation                    |
| PW-20                   | \$ 3,489,000         | 10" Pipeline Replacement - Cooks Corner to Harris Grade        | WW-09                     | \$ 1,170,300         | Heritage Sewer Lift Station Rehabilitation                     |
| WW-28                   | \$ 3,000,000         | New Force Main - Golf Club to WWTP                             | DW-04                     | \$ 700,000           | Mobile Generators Purchase                                     |
| DW-01                   | \$ 2,450,000         | Fleet & Heavy Equipment Purchases                              | RW-13                     | \$ 560,000           | Dove Canyon Recycled Booster Pump Station                      |
| WW-39                   | \$ 2,262,000         | Golf Club Sewer Lift Station Rehabilitation                    | RW-23                     | \$ 559,700           | Tick & Dove Creek Pump Station Improvements                    |
| WW-48                   | \$ 2,115,000         | Pump Replacements - WW   | WW-50                     | \$ 370,000           | WWTP Headworks Replacement                                     |
| PW-36                   | \$ 2,099,700         | Pump Replacements - PW   | PW-02                     | \$ 300,000           | DWTP Electrical Improvements                                   |
| PW-02                   | \$ 2,000,000         | DWTP Electrical Improvements                                   | PW-38                     | \$ 275,000           | Saddle Crest Reservoir Outlet Pipe                             |
| PW-29                   | \$ 2,000,000         | Permanent Generator Installation at DWTP                       | RW-24                     | \$ 266,000           | Dove Lake Slide Gate Replacement                               |
| <b>Grand Total</b>      | <b>\$ 36,318,800</b> |  | <b>Grand Total</b>        | <b>\$ 12,491,177</b> |  |

| New Project ID | Master Plan ID | Project Title Budget                                    | System         | Status       | Program       | FY 2026              |
|----------------|----------------|---|----------------|--------------|---------------|----------------------|
| DW-04          | NEW            | Mobile Generators Purchase                              | District-Wide  | New          | N/A           | 700,000              |
| DW-01          | MULTI-ID       | Fleet & Heavy Equipment Purchases                       | District-Wide  | Program      | Fleet / Eqpmt | 100,000              |
| PW-03          | W-3            | Transmission Main Replacement - DWTP to Ridgeline PS    | Potable Water  | Planning     | N/A           | 7,000,000            |
| PW-02          | W-2            | DWTP Electrical Improvements                            | Potable Water  | Not Started  | N/A           | 300,000              |
| PW-38          | NEW            | Saddle Crest Reservoir Outlet Pipe                      | Potable Water  | In Process   | N/A           | 275,000              |
| PW-20          | W-20           | 10" Pipeline Replacement - Cooks Corner to Harris Grade | Potable Water  | Planning     | N/A           | 225,000              |
| PW-36          | W-36           | Pump Replacements - PW                                  | Potable Water  | Program      | Water Pumps   | 200,000              |
| PW-40          | NEW            | Dove Clubhouse Upgrades - Vault, Bypass Piping, Meter   | Potable Water  | New          | N/A           | 100,000              |
| PW-37          | W-37           | Valve Replacements - PW                                 | Potable Water  | Program      | Valves        | 80,000               |
| PW-35          | W-35           | Pressure Reducing Vault Improvements - PW               | Potable Water  | Program      | PRV           | 40,000               |
| RW-13          | NDW-13         | Dove Canyon Recycled Booster Pump Station               | Recycled Water | In Process   | N/A           | 560,000              |
| RW-23          | NDW-23         | Tick & Dove Creek Pump Station Improvements             | Recycled Water | Not Started  | N/A           | 559,700              |
| RW-24          | NDW-24         | Dove Lake Slide Gate Replacement                        | Recycled Water | Not Started  | N/A           | 266,000              |
| RW-50          | NDW-50         | Dove Canyon Recycled PRV Improvement                    | Recycled Water | Construction | N/A           | 100,000              |
| WW-40          | S-40           | WWTP Hoffman Blower Building Rehabilitation             | Wastewater     | Planning     | N/A           | 1,290,177            |
| WW-09          | S-9            | Heritage Sewer Lift Station Rehabilitation              | Wastewater     | Construction | N/A           | 1,170,300            |
| WW-50          | NEW            | WWTP Headworks Replacement                              | Wastewater     | In Process   | N/A           | 370,000              |
| WW-48          | S-48           | Pump Replacements - WW                                  | Wastewater     | Program      | Sewer Pumps   | 200,000              |
| WW-49          | S-49           | SMWD Chiquita WWTP Shared Capital                       | Wastewater     | Program      | Chiquita CIP  | 140,000              |
| WW-11          | S-11           | Via Allegre Lift Station Improvements                   | Wastewater     | Not Started  | N/A           | 122,300              |
| WW-07          | S-7            | Barneburg Lift Station Upgrades                         | Wastewater     | Not Started  | N/A           | 75,000               |
| WW-10          | S-10           | Plano Trabuco Lift Station Upgrades                     | Wastewater     | Not Started  | N/A           | 75,000               |
| WW-46          | S-46           | Wet Well Recoating Program                              | Wastewater     | Program      | Wet Well      | 30,000               |
| RW-52          | NEW            | WWTP Access Road Paving Slurry Coat                     | WW / Recycled  | New          | N/A           | 30,000               |
| <b>Total</b>   |                |   |                |              |               | <b>\$ 14,008,477</b> |

**District**  
**Schedule B: FY 2026 Proposed Budget Summary**

|   | A                    | B                     | C                     | D                    | E = D - B           | F = E / B    |
|---|----------------------|-----------------------|-----------------------|----------------------|---------------------|--------------|
|   | FY 2024              | FY 2025               | FY 2025 (P)           | FY 2026              | \$ Budget           | % Budget     |
|  | Actual               | Adopted               | Projected             | Proposed             | Change              | Change       |
|   | Results              | Budget                | Results               | Budget               | PY                  | PY           |
| 1 Fixed Service Charges   | \$ 3,365,770         | \$ 3,694,400          | \$ 3,793,700          | \$ 4,656,000         | \$ 961,600          | 26%          |
| 2 Fixed Service Charges Pass-Through  | -                    | -                     | 84,100                | 182,800              | 182,800             | NA           |
| 3 Variable Service Charges  | 4,592,572            | 5,309,500             | 5,859,600             | 6,799,300            | 1,489,800           | 28%          |
| 4 Variable Service Charges Pass-Through   | -                    | -                     | 183,400               | 423,600              | 423,600             | NA           |
| 5 BTP Wholesale Charges   | 1,831,802            | 2,115,600             | 1,694,500             | 1,701,800            | (413,800)           | -20%         |
| 6 Wastewater Charges  | 2,221,462            | 2,558,700             | 2,559,800             | 2,972,800            | 414,100             | 16%          |
| 7 Property Tax Receipts   | 2,346,796            | 2,577,700             | 2,364,100             | 2,410,800            | (166,900)           | -6%          |
| 8 Other Revenue   | 1,106,136            | 808,400               | 1,237,000             | 1,177,300            | 368,900             | 46%          |
| <b>9 Total Revenue</b>  | <b>15,464,537</b>    | <b>17,064,300</b>     | <b>17,776,200</b>     | <b>20,324,400</b>    | <b>3,260,100</b>    | <b>19%</b>   |
| 10 Source of Supply   | 2,652,504            | 2,929,900             | 4,250,200             | 3,823,700            | 893,800             | 31%          |
| 11 Cost of BTP Wholesale  | 1,463,827            | 1,587,700             | 1,469,100             | 1,487,900            | (99,800)            | -6%          |
| 12 Staffing Resources   | 4,434,912            | 5,224,800             | 5,278,500             | 5,870,500            | 645,700             | 12%          |
| 13 Operations & Maintenance   | 1,964,261            | 1,958,600             | 2,130,100             | 2,448,800            | 490,200             | 25%          |
| 14 General & Administrative   | 2,455,050            | 2,403,300             | 2,393,700             | 2,605,900            | 202,600             | 8%           |
| <b>15 Total Expense</b>   | <b>12,970,554</b>    | <b>14,104,300</b>     | <b>15,521,600</b>     | <b>16,236,800</b>    | <b>2,132,500</b>    | <b>15%</b>   |
| <b>16 Net Income / (Loss) from Operations</b>                                     | <b>2,493,983</b>     | <b>2,960,000</b>      | <b>2,254,600</b>      | <b>4,087,600</b>     | <b>1,127,600</b>    | <b>38%</b>   |
| 17 Debt Proceeds, Net of Issuance   | 10,465,000           | -                     | -                     | 17,820,000           | 17,820,000          | NA           |
| 18 Grant Funding Receipts   | -                    | -                     | -                     | 725,745              | 725,745             | NA           |
| 19 Capital Improvement Program  | (2,225,250)          | (4,512,000)           | (5,498,025)           | (14,008,477)         | (9,496,477)         | 210%         |
| 20 CIP Contingency  | -                    | -                     | -                     | (1,400,900)          | (1,400,900)         | NA           |
| 21 Debt Service   | (369,742)            | (881,600)             | (737,500)             | (3,600,400)          | (2,718,800)         | 308%         |
| <b>22 Net Change in Cash</b>  | <b>\$ 10,363,991</b> | <b>\$ (2,433,600)</b> | <b>\$ (3,980,925)</b> | <b>\$ 3,623,568</b>  | <b>\$ 6,057,168</b> | <b>-249%</b> |
| <b><u>Ending Cash Balances</u></b>  |                      |                       |                       |                      |                     |              |
| 23 Unrestricted   |                      |                       | 6,145,743             | 6,632,943            |                     |              |
| 24 Restricted - Developer Funding   |                      |                       | 1,161,420             | 1,161,420            |                     |              |
| 25 Restricted - Grant Funding   |                      |                       | -                     | -                    |                     |              |
| 26 Restricted - 2024 Capital One Loan   |                      |                       | 5,655,096             | -                    |                     |              |
| 27 Restricted - New Issuance  |                      |                       | -                     | 8,791,464            |                     |              |
| 28 Restricted - Deposits  |                      |                       | 129,024               | 129,024              |                     |              |
| 29 Restricted - Debt Covenants  |                      |                       | 239,584               | 239,584              |                     |              |
| <b>30 Total Ending Cash Balances</b>  |                      |                       | <b>\$ 13,330,867</b>  | <b>\$ 16,954,434</b> |                     |              |
| <b><u>Reserve Policy Target Recommendations</u></b>                               |                      |                       |                       |                      |                     |              |
| 31 Operating <sup>(1)</sup>   |                      |                       | 3,513,125             | 3,687,225            |                     |              |
| 32 Emergency <sup>(2)</sup>   |                      |                       | 5,000,000             | 5,000,000            |                     |              |
| 33 Capital <sup>(3)</sup>   |                      |                       | 4,347,932             | 4,347,932            |                     |              |
| 34 Rate Stabilization <sup>(4)</sup>  |                      |                       | 1,182,050             | 1,205,400            |                     |              |
| <b>35 Over / (Under) Policy Recommendations</b>                                   |                      |                       | <b>(712,241)</b>      | <b>2,713,877</b>     |                     |              |


**(1) Operating Target** - Equal to 90 Days of budgeted operating expenses

**(2) Emergency Target** - Set at specific amounts for each utility which Includes \$2.5m for Water, \$2m for Wastewater and \$0.5m for Recycled

**(3) Capital Target** - Equal to one year of annual depreciation expense from the last available audited financial statements

**(4) Rate Stabilization** - Equal to 6 months (50%) of budgeted property tax revenue

**District**  
**Schedule C: FY 2026 Proposed Operating Budget**

|   | A                   | B                   | C                   | D                   | E = D - B           | F = E / B  |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|------------|
|   | FY 2024             | FY 2025             | FY 2025 (P)         | FY 2026             | \$ Budget           | % Budget   |
|   | Actual              | Adopted             | Projected           | Proposed            | Change              | Change     |
|   | Results             | Budget              | Results             | Budget              | PY                  | PY         |
|  |                     |                     |                     |                     |                     |            |
| 1 Fixed Service Charges   | \$ 3,365,770        | \$ 3,694,400        | \$ 3,793,700        | \$ 4,656,000        | \$ 961,600          | 26%        |
| 2 Fixed Service Charges Pass-Through  | -                   | -                   | 84,100              | 182,800             | 182,800             | NA         |
| 3 Variable Service Charges  | 4,592,572           | 5,309,500           | 5,859,600           | 6,799,300           | 1,489,800           | 28%        |
| 4 Variable Service Charges Pass-Through   | -                   | -                   | 183,400             | 423,600             | 423,600             | NA         |
| 5 BTP Wholesale Water Sales   | 1,162,623           | 1,233,500           | 1,059,600           | 1,050,600           | (182,900)           | -15%       |
| 6 BTP Maintenance Charges   | 411,452             | 550,600             | 409,500             | 437,300             | (113,300)           | -21%       |
| 7 BTP Capital Recovery  | 257,726             | 331,500             | 225,400             | 213,900             | (117,600)           | -35%       |
| 8 Wastewater Charges  | 2,221,462           | 2,558,700           | 2,559,800           | 2,972,800           | 414,100             | 16%        |
| 9 Property Tax Receipts   | 2,346,796           | 2,577,700           | 2,364,100           | 2,410,800           | (166,900)           | -6%        |
| 10 Customer Fees  | 485,430             | 447,200             | 495,400             | 520,200             | 73,000              | 16%        |
| 11 Interest Revenue   | 326,637             | 288,800             | 704,600             | 619,000             | 330,200             | 114%       |
| 12 Miscellaneous Revenue  | 294,070             | 72,400              | 37,000              | 38,100              | (34,300)            | -47%       |
| <b>13 Total Revenue</b>   | <b>15,464,537</b>   | <b>17,064,300</b>   | <b>17,776,200</b>   | <b>20,324,400</b>   | <b>3,260,100</b>    | <b>19%</b> |
| <b>14 Source of Supply</b>  |                     |                     |                     |                     |                     |            |
| 15 Variable Water Purchases   | 2,059,227           | 2,243,000           | 3,485,000           | 2,992,700           | 749,700             | 33%        |
| 16 BTP Water Purchases TCWD   | 1,302               | 1,200               | 96,500              | 97,700              | 96,500              | 8042%      |
| 17 BTP Maintenance Expense TCWD   | (8,431)             | (9,000)             | 45,100              | 48,600              | 57,600              | -640%      |
| 18 Fixed Water Purchases  | 347,038             | 406,300             | 384,100             | 401,700             | (4,600)             | -1%        |
| 19 Chemicals & Electricity  | 253,367             | 288,400             | 239,500             | 283,000             | (5,400)             | -2%        |
| <b>20 Total Source of Supply</b>  | <b>2,652,504</b>    | <b>2,929,900</b>    | <b>4,250,200</b>    | <b>3,823,700</b>    | <b>893,800</b>      | <b>31%</b> |
| <b>21 Cost of BTP Wholesale</b>   |                     |                     |                     |                     |                     |            |
| 22 BTP Water Purchases for Wholesale  | 1,052,375           | 1,037,100           | 1,059,600           | 1,050,600           | 13,500              | 1%         |
| 23 BTP Maintenance Expense Sales  | 411,452             | 550,600             | 409,500             | 437,300             | (113,300)           | -21%       |
| <b>24 Total Cost of BTP Wholesale</b>   | <b>1,463,827</b>    | <b>1,587,700</b>    | <b>1,469,100</b>    | <b>1,487,900</b>    | <b>(99,800)</b>     | <b>-6%</b> |
| <b>25 Staffing Resources</b>  |                     |                     |                     |                     |                     |            |
| 26 Employee Compensation  | 3,145,626           | 3,727,700           | 3,762,800           | 4,115,500           | 387,800             | 10%        |
| 27 Employee Benefits  | 1,030,483           | 1,227,900           | 1,194,700           | 1,360,000           | 132,100             | 11%        |
| 28 CalPERS Retirement Unfunded Liability  | 258,804             | 269,200             | 321,000             | 395,000             | 125,800             | 47%        |
| 29 Retiree Health Insurance Payments  | 171,959             | 256,200             | 179,300             | 201,700             | (54,500)            | -21%       |
| 30 OPEB Trust Reimbursement   | (171,959)           | (256,200)           | (179,300)           | (201,700)           | 54,500              | -21%       |
| <b>31 Total Staffing Resources</b>  | <b>4,434,912</b>    | <b>5,224,800</b>    | <b>5,278,500</b>    | <b>5,870,500</b>    | <b>645,700</b>      | <b>12%</b> |
| <b>32 Operations &amp; Maintenance</b>  |                     |                     |                     |                     |                     |            |
| 33 System Repairs and Maintenance   | 740,764             | 677,100             | 809,700             | 1,030,600           | 353,500             | 52%        |
| 34 Distribution Electricity   | 899,475             | 958,300             | 997,600             | 1,067,400           | 109,100             | 11%        |
| 35 Vehicles and Equipment   | 154,821             | 154,200             | 179,000             | 188,800             | 34,600              | 22%        |
| 36 Lab Testing & Supplies   | 169,200             | 169,000             | 143,800             | 162,000             | (7,000)             | -4%        |
| <b>37 Total Operations &amp; Maintenance</b>                                      | <b>1,964,261</b>    | <b>1,958,600</b>    | <b>2,130,100</b>    | <b>2,448,800</b>    | <b>490,200</b>      | <b>25%</b> |
| <b>38 General &amp; Administrative</b>  |                     |                     |                     |                     |                     |            |
| 39 Professional Services  | 1,052,851           | 937,100             | 897,000             | 968,700             | 31,600              | 3%         |
| 40 Office Maintenance & Supplies  | 564,109             | 540,600             | 576,100             | 616,200             | 75,600              | 14%        |
| 41 Board of Directors   | 117,952             | 105,800             | 99,700              | 111,700             | 5,900               | 6%         |
| 42 District Insurance   | 166,567             | 196,700             | 201,200             | 237,500             | 40,800              | 21%        |
| 43 Dues and Memberships   | 244,224             | 261,500             | 235,100             | 247,200             | (14,300)            | -5%        |
| 44 Public Outreach & Rebate Programs  | 156,161             | 161,600             | 102,300             | 109,100             | (52,500)            | -32%       |
| 45 Customer Service and Billing   | 70,744              | 102,600             | 77,200              | 81,600              | (21,000)            | -20%       |
| 46 Conference, Trainings and Travel   | 35,750              | 41,200              | 30,700              | 32,300              | (8,900)             | -22%       |
| 47 Miscellaneous Expense  | 46,692              | 56,200              | 174,400             | 201,600             | 145,400             | 259%       |
| <b>48 Total General &amp; Administrative</b>                                      | <b>2,455,050</b>    | <b>2,403,300</b>    | <b>2,393,700</b>    | <b>2,605,900</b>    | <b>202,600</b>      | <b>8%</b>  |
| <b>49 Total Expense</b>   | <b>12,970,554</b>   | <b>14,104,300</b>   | <b>15,521,600</b>   | <b>16,236,800</b>   | <b>2,132,500</b>    | <b>15%</b> |
| <b>50 Net Income / (Loss) from Operations</b>                                     | <b>\$ 2,493,983</b> | <b>\$ 2,960,000</b> | <b>\$ 2,254,600</b> | <b>\$ 4,087,600</b> | <b>\$ 1,127,600</b> | <b>38%</b> |

# Trabuco Canyon Water District

## Schedule C: FY 2026 Proposed Operating Budget Narrative

### Board Workshop April 28, 2025

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1. **Fixed Service Charges** includes fixed service cost recovery revenue billed to customers for potable and recycled water service. The FY 2026 budget assumes implementation of the FY 2026 water and recycled rates included in the 2023 Cost-of-Service Study. These rates will go into effect on July 1, 2025.
2. **Fixed Service Charges Pass-Through** includes charges to customers to recover the fixed portion of wholesale water pass-through cost increases that were excluded from the 2023 Cost-of-Service Study. The pass-through rate provision was adopted by the Board during the last Proposition 218 hearing process.
3. **Variable Service Charges** include volumetric service cost recovery revenue billed to customers for potable and recycled water service. The FY 2026 budget assumes implementation of the FY 2026 water and recycled rates included in the 2023 Cost-of-Service Study. These rates will go into effect on July 1, 2025.
4. **Variable Service Charges Pass-Through** includes charges to customers to recover the variable portion of wholesale water pass-through cost increases that were excluded from the 2023 Cost-of-Service Study. The pass-through rate provision was adopted by the Board during the last Proposition 218 hearing process.
5. **BTP Wholesale Water Sales** includes reimbursement from the City of San Clemente for Baker Treatment Plant (BTP) water purchased from the District at wholesale rates. This line item accounts for the one-to-one reimbursement received for each acre-foot (AF) of water paid to the Municipal Water District of Orange County (MWDOC) at Metropolitan Water District of Southern California (MET) untreated water rates, excluding the SAC Operational Surcharge. FY 2026 is budgeted at 1,108 AF of wholesale water sold.
6. **BTP Maintenance Charges** includes the pro-rated reimbursement from the City of San Clemente for shared operating costs at the Baker Treatment Plant. The District is billed quarterly by Irvine Ranch Water District for ongoing operating costs at the plant. The FY 2026 budget is based on recovering this pro-rated share of projected plant operating costs based on projected internal usage and external sales of plant water during FY 2026 (1,108 AF of water sold and 92 AF of plant water used by the District).
7. **BTP Capital Recovery** includes the \$193 per AF cost recovery charge received by San Clemente for water sold at the Baker Treatment Plant. The FY 2026 budget is based on 1,108 AF of water sold at \$193 / AF.
8. **Wastewater Charges** include the fixed and variable cost recovery revenue billed to customers for wastewater service. The FY 2026 budget assumes implementation of the FY 2026 wastewater rates included in the 2023 Cost-of-Service Study. These rates will go into effect on July 1, 2025.
9. **Property Tax Receipts** include the ad valorem property tax revenue received through the County of Orange. The FY 2026 budget is based on the projected FY 2025 projection with a 2% increase.
10. **Customer Fees** include late charges, miscellaneous customer fees and sewer contracts with the Santa Margarita Water District for shared facilities. Late charges are assessed as a percentage of customer bills and are budgeted to increase in conjunction with increased rate revenues. Sewer contract revenue is difficult to predict, and no increase is budgeted on these contracts.

# Trabuco Canyon Water District

## Schedule C: FY 2026 Proposed Operating Budget Narrative

### Board Workshop April 28, 2025

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11. **Interest Revenue** include the earnings on District cash and investments. The FY 2026 budget is based on 4.0% interest earnings on projected cash holdings through the year. Cash holdings are budgeted to increase with budgeted loan proceeds, in which the interest will be restricted to funding capital projects.
12. **Miscellaneous Revenue** includes cell tower lease contract revenue and various refunds and reimbursements. The FY 2026 budget is based on the schedule of payments included in the contract with about \$5k budgeted for other miscellaneous sources.
13. **Total Revenue** is budgeted at \$20.31 million in FY 2026.
14. **Source of Supply** begins the section of water supply related expenses.
15. **Variable Water Purchases** include volumetric potable and recycled water purchase costs for water sold to District customers to meet consumption demand. This line item includes untreated water purchases (treated at the Dimension Water Treatment Plant), treated water purchases (sourced through neighboring agency connections), and associated MET / MWDOC surcharges on volumetric water. FY 2026 is budgeted higher than normal due to more expensive water purchases expected through the IRWD Ridgeline emergency connection.
16. **BTP Water Purchases TCWD** includes the volumetric cost of Baker Treatment Plant (BTP) water used internally to serve District customers at the MET/MWDOC untreated water rate and includes the volumetric operational surcharges on all BTP water (both sold or used). The FY 2026 budget is based on 92 AF of water used at the plant by the District.
17. **BTP Maintenance Expense TCWD** includes the pro-rated share of operating costs at the Baker Treatment Plant. The District is billed quarterly by Irvine Ranch Water District for ongoing operating costs at the plant. The FY 2026 budget is based on projected operating costs and 92 AF of District water usage at the plant.
18. **Fixed Water Purchases** includes fixed costs of maintaining water supply infrastructure and availability from wholesale agencies. These costs are billed to the District through the Municipal Water District of Orange County (MWDOC). They are made up of the MWDOC retail meter charge, the Metropolitan Water District of Southern California (MET) readiness to serve charge, MET capacity charge, and MET standby charge. The FY 2026 budget is based on adopted rates posted by MWDOC.
19. **Chemicals & Electricity** includes chemicals and energy costs associated with water production. The FY 2026 budget is based on FY 2025 projected results with a 7% increase to electricity costs and 6% increase to chemical costs.
20. **Total Source of Supply** is budgeted at \$3.82 million for FY 2026.
21. **Cost of BTP Wholesale** begins the section of expenses directly associated with delivering wholesale water to the City of San Clemente through the District capacity at the Baker Treatment Plant.
22. **BTP Water Purchases for Wholesale** includes the cost of Baker Treatment Plant water sold to the City of San Clemente. This line item accounts for the per acre-foot (AF) charge for water paid to MWDOC at MET untreated

# Trabuco Canyon Water District

## Schedule C: FY 2026 Proposed Operating Budget Narrative

### Board Workshop April 28, 2025

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water rates, excluding the SAC Operational Surcharge. FY 2026 is budgeted at 1,108 AF of wholesale water purchased to sell to the City of San Clemente.

23. **BTP Maintenance Expense Sales** includes the pro-rated cost allocated to the City of San Clemente for shared operating costs at the Baker Treatment Plant. The District is billed quarterly by Irvine Ranch Water District for ongoing operating costs at the plant. The FY 2026 budget is based on allocating this cost at a pro-rated share of projected plant operating costs and projected sales of plant water during FY 2026 (1,108 AF of water sold and 92 AF of plant water used by the District).
24. **Total Cost of BTP Wholesale** is budgeted at \$1.48 million for FY 2026.
25. **Staffing Resources** begins the section of expenses related to District personnel.
26. **Employee Compensation** includes salaries, wages and other pay compensated to District staff. FY 2026 is budgeted based on full staffing, (1) new customer service position, a 3% cost of living adjustment to salary ranges (based on the consumer price index for LA-Long Beach-Anaheim), and a 2.5% merit pool.
27. **Employee Benefits** include health, dental and vision benefits for District personnel. The FY 2026 budget is based on full staffing at current elections, (1) new customer service position, a 9% increase to medical insurance rates, and a 3% increase to dental and vision insurance rates.
28. **CalPERS Retirement Unfunded Liability** includes the minimum payment to the California Public Employees Retirement System (CalPERS) to fund future CalPERS retirement benefits. The FY 2026 budget is based on the District actuarial valuation reports released by CalPERS and changes annually with market conditions and actuarial assumptions.
29. **Retiree Health Insurance Payments** include retiree health insurance PAYGO (pay as you go) costs for health insurance. The FY 2026 budget is based on the actuarial valuation reports prepared by the contracted actuary.
30. **OPEB Trust Reimbursement** includes the amount reimbursed from the OPEB (Other Post-Employment Benefits) 115 Trust. The District plans to reimburse itself for retiree health insurance during FY 2026.
31. **Total Staffing Resources** is budgeted at \$5.87 million for FY 2026.
32. **Operations & Maintenance** begins the section of expenses related to District operations.
33. **System Repairs and Maintenance** includes funding for pipeline leaks, equipment repair, pumps repair, motors repair, electrical work, and other maintenance costs necessary to operate the District systems and equipment. The FY 2026 budget has increased with the recognition that the trend of unplanned maintenance costs has increased with aging District infrastructure.
34. **Distribution Electricity** includes energy costs associated with distributing water to District customers. The FY 2026 budget is based on FY 2025 projected results with a 7% increase to energy costs.

# Trabuco Canyon Water District

## Schedule C: FY 2026 Proposed Operating Budget Narrative

### Board Workshop April 28, 2025

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35. **Vehicles and Equipment** includes fuel costs, vehicle repair, tools, and safety equipment. The FY 2026 budget is based on FY 2025 projections with an increase for inflation.
36. **Lab Testing & Supplies** includes testing and supply costs associated with water and recycled water compliance. The FY 2026 budget is based on FY 2025 projected results with a 7% increase for chemicals.
37. **Total Operations & Maintenance** is budgeted at \$2.44 million for FY 2026.
38. **General & Administrative** begins the section of expenses related to administration.
39. **Professional Services** includes the cost of legal services, financial services, audit services, information technology (IT) services, rate consultants (if applicable), contract engineering services, and other miscellaneous professional services.
40. **Office Maintenance & Supplies** includes costs associated with office maintenance, computer software and hardware, telephone, office supplies, office electricity, and contract services.
41. **Board of Directors** includes Board stipends, Board health insurance, and Board travel expenses.
42. **District Insurance** includes the cost of general liability and auto insurance. The FY 2026 budget is based on an 18% increase to the most recent insurance policy with recent trends experienced in the insurance industry.
43. **Dues and Memberships** include the cost of various association dues, industry memberships and Local Agency Formation Commission (LAFCO) fees. The FY 2026 budget is based on the projected FY 2025 results (current memberships) with an increase for inflation.
44. **Public Outreach & Rebate Programs** include public outreach consultants and participation in conservation rebate programs administered by MWDOC. FY 2026 is budgeted based on anticipated rebate program participation and a reduction in public outreach consultant costs.
45. **Customer Service and Billing** includes customer service-related supplies, contract billing support, and billing fees / bank charges. FY 2026 is based on the FY 2025 projected results with an increase for inflation.
46. **Conference, Trainings and Travel** includes the cost of conference attendance, trainings and travel for District personnel. FY 2026 is budgeted for no increase in activity with an increase for inflation.
47. **Miscellaneous Expense** includes collection fees paid to the County for property taxes and an allowance for uncollectable customer accounts. The FY 2026 budget for the uncollectable allowance is based on 2% of variable service charges and 1% of wastewater charges.
48. **Total General & Administrative** is budgeted at \$2.60 million for FY 2026.
49. **Total Expense** is budgeted at \$16.23 million for FY 2026.
50. **Net Income / (Loss) from Operations** is budgeted at \$4.08 million for FY 2026.