



STAFF REPORT

Meeting Type: Board of Directors
Title: FY 2025/26 – FY 2026/27 Budget Workshop
From: Bret Uppendahl, Finance Director
Through: Ben Horenstein, General Manager
Meeting Date: May 6, 2025

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TYPE OF ITEM: Action X Information

RECOMMENDATION: Review and comment on the preliminary Fiscal Year 2025/26 – 2026/27 District Budget

SUMMARY: Staff is preparing the Operating and Capital Budget for FY 2025/26 and FY 2026/27 for the Board's consideration in June 2025. The District's two-year budget process incorporates the costs necessary to provide safe and reliable water service over the long term. The preliminary all funds expenditure budget for FY 2025/26 is \$183 million, which is a 12 percent increase compared to FY 2024/25. Expenditures in FY 2026/27 are increasing by an additional two percent. This expenditure level reflects the District's top priorities as well as inflationary impacts and non-discretionary cost drivers.

DISCUSSION: The District provides high quality water to over 191,000 residents in a 147 square mile area that includes most cities, towns and unincorporated areas within Marin County. Novato and West Marin are located outside of the District's service area.

As shown below, overall expenditures are increasing by 12 percent in FY 2025/26, and increasing by 2 percent in FY 2026/27. Operating expenditures, which provide funding for day-to-day activities are increasing by 4 percent in FY 2025/26 and 5 percent in FY 2026/27. Capital investments, which include water supply and fireflow projects are increasing by 35 percent in FY 2025/26 and are decreasing by 4 percent in FY 2026/27. The decreased capital expenditures in FY 2026/27 largely reflects the expiration of grants.

	FY 23/24	FY 24/25	FY 25/26	% Change	FY 26/27	% Change
Operating Expenditures	\$ 104,139,464	\$ 109,347,389	\$ 113,475,685	4%	\$ 118,957,142	5%
Capital and Fire Flow	\$ 32,981,000	\$ 49,451,000	\$ 67,004,499	35%	\$ 64,485,429	-4%
Contributions to Reserves	\$ 5,000,000	\$ 5,000,000	\$ 2,500,000	-50%	\$ 2,500,000	0%
Total	\$ 142,120,464	\$ 163,798,389	\$ 182,980,184	12%	\$ 185,942,571	2%

Over 90 percent of the revenue required to support District operating activities and capital

investments come from customer water rates. The District's water rates for FY 2025/26 and FY 2026/27 were established as part of the 2023 rate setting process. Water consumption has been largely consistent with the assumptions underlying the 2023 rate study and therefore revenue levels are expected to be in-line with previous estimates. Overall, the revenue budget is increasing by 11 percent in FY 2025/26 and by an additional 3 percent in FY 2026/27.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: None.

ATTACHMENT(S): None.