STAFF REPORT

TO: ARSA BOARD OF DIRECTORS

MEETING DATE: JULY 16, 2026

FROM: TOM DUBOIS, GENERAL MANAGER, MASON PETERS, FINANCE

SUBJECT: FY2026-2027 BUDGET

RECOMMENDATION:

Review and adopt the FY26-27 ARSA Budget

DISCUSSION:

The proposed Fiscal Year 2026-27 ARSA Budget reflects an overall decrease in both Total Use Fee Revenue and Total Expenses compared to the approved FY 2025-26 budget. With the major work done on Henderson, we are avoiding large capital projects this year, building up some reserves, and passing the decrease on to member agencies.

- **Total Proposed FY 26-27 Revenue/Expense:** $893,100
- **Total FY 25-26 Expense:** $973,750
- **Net Budgetary Reduction:** -$80,500 (-8.27%)

Member Agency Cost-Share Impacts

ARSA operations are funded via Use Fee Revenues allocated according to the recorded flow percentages of the participating entities. Shifting flows have altered the cost distributions for FY 26-27 as follows:

Member Agency	FY 25-26 Budget	FY 26-27 Proposed	Net Change ($)	YoY Change (%)	FY 26-27 Flow Share
Amador City	$25,314	$25,007	-$307	-1.0%	2.8%
AWA	$130,754	$142,896	+$12,142	+9.3%	16.0%
COSC	$817,532	$725,197	-$92,335	-11.3%	81.2%
Total Revenue	**$973,600**	**$893,100**	**-$80,500**	**-8.3%**	**100.0%**

- **Amador City:** Remains stable, experiencing a minimal budgetary reduction of $307 despite their flow footprint marginally expanding to 2.8%.
- **Amador Water Agency (AWA):** Sees an increase of $12,142 (+9.3%). This is driven directly by an increase in their system flow share from 13.4% in the previous cycle to 16.0%.
- **City of Sutter Creek:** Receives the most substantial fiscal relief, with an expense reduction of $92,335 (-11.3%). This benefit is achieved due to an overall decrease in its flow share from 84.0% down to 81.2%.

Capital Projects

Total capital project appropriations have dropped from $430,000 to $305,000. This fiscal cycle marks the completion or wind-down of targeted emergency infrastructure assessments, freeing up capital to reinforce the joint system's long-term financial health.

Preston Forebay Valve Repair	$30,000
Freshwater Diversion continued Repair	$25,000
Capital Reserve Contribution	$250,000

Conclusion & Next Steps

The proposed FY 26-27 budget brings down the overall financial demands on partner agencies while providing an appropriate cushion for the future.

Staff recommends the budget draft be approved as presented.