

Santa Ynez River Water Conservation District,
Improvement District No.1



FISCAL YEAR 2026/27 PRELIMINARY BUDGET

Introduction

The District's annual operating budget serves as the financial framework for the upcoming fiscal year and provides the structure to:

1. Execute District policy priorities
2. Support efficient and reliable operations
3. Deliver critical infrastructure through the Capital Improvement Projects (CIP)



BUDGET TIMELINE



January – May

Planning and Budget development

May

Preliminary presentation and Board feedback

June

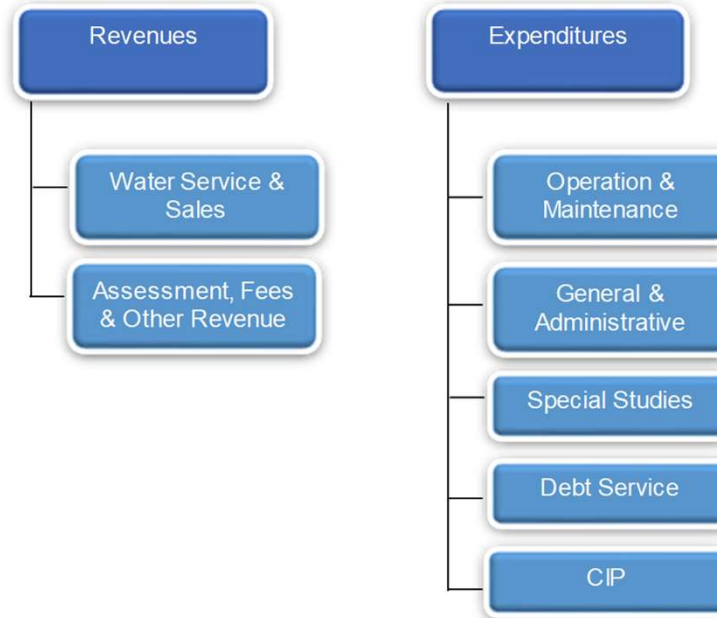
Final Budget adoption

Preliminary Budget Presentation - May 19, 2026

BUDGET OVERVIEW IN TOTAL

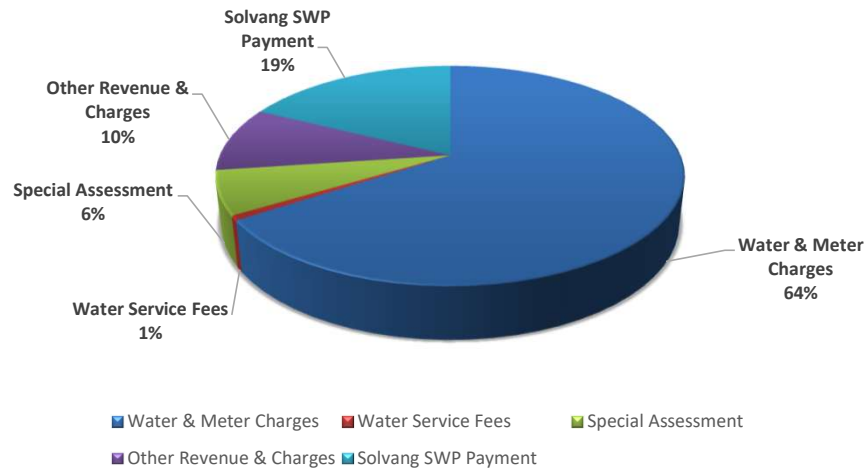
- ▶ **Final FY 2025/26 Budget - \$13.6 million**
- ▶ **Preliminary FY 2026/27 Budget - \$14.2 million**
- ▶ **Gross Budget Increase of \$651,666**

FY 26/27 PRELIMINARY BUDGET COMPONENTS



OPERATING REVENUE SUMMARY

FYE 2026/27 Operating Revenues



- ▶ Water & Meter Charges - \$9,102,233
- ▶ Water Service Fees - \$96,000
- ▶ Special Assessment - \$875,000
- ▶ Other Revenues - \$1,582,500
- ▶ Solvang SWP - \$2,588,182

- ▶ **Total Revenues - \$14,243,915**

REVENUE HIGHLIGHTS

1. Preliminary Budget total revenues for FY 2026/27 are 4.79% higher than the FY 2025/26 adopted budget.
2. Water rates assumed to remain unchanged for FY 2026/27 budget cycle. (Last rate increase took place July 1, 2021)
3. Special Ad Valorem Tax Assessment assumed to remain unchanged at \$875,000. The amount has remained unchanged since FY 17/18. Authorized amount that could be collected by the District in FY 2026/27 is \$2,785,524.
4. Interest Income is projected to increase compared to FY 2025/26 adopted budget due to the current and forecasted economic climate per LAIF and Mechanics Bank representatives.

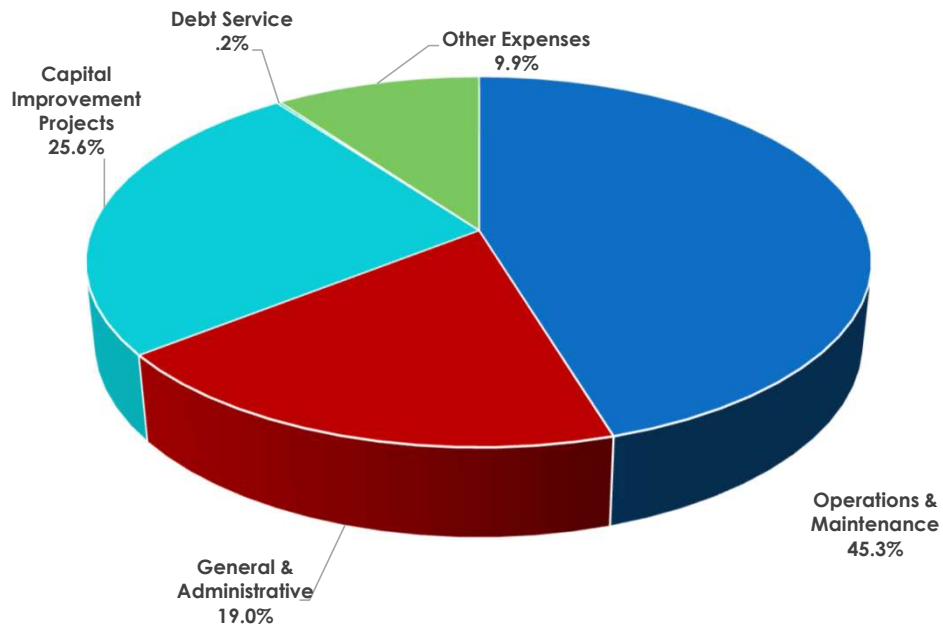
Overall revenues projected to increase \$651,666 primarily due to:

- Domestic Water Sales projected increase due to an increase of domestic customer connections. Interest Income based on anticipated higher interest rate earnings coupled with higher balances in LAIF & Mechanics Bank accounts (\$300,500).
- Solvang SWP passthrough payment to ID No.1 (\$190,813)



EXPENDITURES SUMMARY

FYE 2026/27 Operating Expenditures



- ▶ Operations & Maintenance (O&M) - \$7,139,701
 - ▶ Solvang SWP Passthrough expense represents 36.25% of O&M total
- ▶ General & Administrative - \$3,005,407
- ▶ Debt Service - \$26,976
- ▶ Other Expenses & Special Studies - \$1,567,000
- ▶ Capital Improvement Projects - \$4,034,500
- ▶ **Total Expenditures - \$15,773,584**

EXPENDITURES HIGHLIGHTS

1. Operations & Maintenance total expenditures increase of \$708,054 (11.01%) from the FY 2025/26 adopted budget. The Source of Supply category shows the largest increase which relates to California Department of Water resources (DWR) charges for State Water Project (SWP deliveries) to the District and the City of Solvang in the amounts of \$349,271 and \$190,813, respectively. Additionally, Infrastructure, Pumping and Water Treatment costs projected to increase by \$112,500 as the result of an increase in electrical utility rates. Lastly, ACWA JPIA premiums for health, dental and vision coverage anticipated to have inflationary increase of 5% across the board.
2. General & Administrative total expenditures increase of \$60,370 (2.05%) from the FY 2025/26 adopted budget. Administrative expenses including dues and subscriptions, miscellaneous service contracts, various utilities, and liability insurance are projected to increase slightly due to inflationary and vendor cost increases related current economic climate.

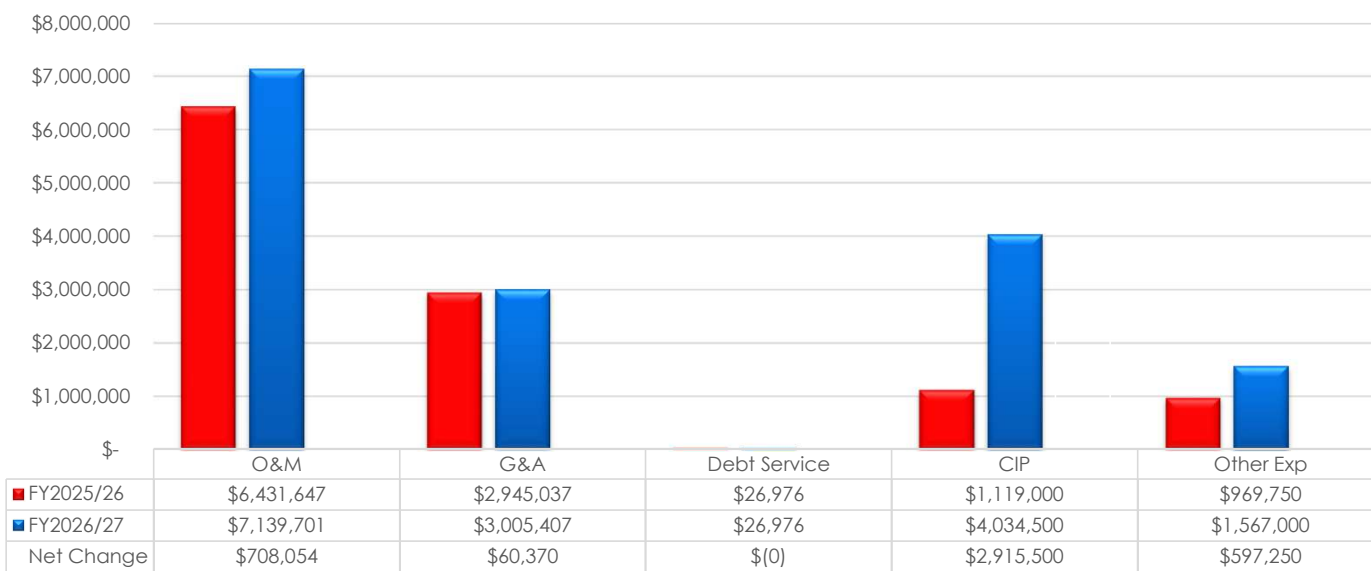


EXPENDITURES HIGHLIGHTS continued . . .

3. Debt Service remained unchanged at \$26,976 pursuant to the Bradbury Safety of Dams 50-year repayment term expires 2052.
4. Other Expenses & Special Studies increase by \$597,250 from the FY 2025/26 adopted budget. The Cr6 Implementation Plan and Other Treatment & Supplies Projects having the largest increase of \$665,000 which is partially offset by decreases in other cost components.
5. Capital Improvement Projects increase by \$2,915,500 from the FY 2025/26 adopted budget. In particular, the Plant Expansion CIP category increased by \$2,872,500 from the prior year's budget. As part of the District's Water Supply Portfolio and Treatment Alternative strategy, including efforts to address the State's newly adopted drinking water standard for Cr6, the CIP Plant Expansion budget includes \$3,000,000 to construct a new/replacement groundwater production well. This CIP increase is offset by a decrease in Office Building/Shop Improvements of \$177,000 and other slight decreases. The CIP Repair & Replace category includes projects such as infrastructure security, new valve truck, reservoir screen replacements, and installation of power service at the Zone 2 reservoir for mixers and telemetry/SCADA equipment.



Comparison of Budgeted Expenditures



CAPITAL IMPROVEMENT PROJECTS

ACCOUNT		PLANT EXPANSION	BUDGET
900332	District Building (Planning, Design, and Permitting)		\$ 50,000
900372	Office Computers, Furniture & Equipment (Computer Replacements, Network Switches, & Cloud-Based Backup and Disaster Recovery Plan)		\$ 14,500
900376	Communication/Telemetry Equipment - SCADA (Telemetry Radio Survey & Equipment and Updated SCADA Server)		\$ 190,000
900378	Major Tools, Shop & Garage Equipment (Major Tools for Shop)		\$ 10,000
900350	Upland Wells (New/Replacement Groundwater Production Well)		\$ 3,000,000
TOTAL CAPITAL IMPROVEMENT PROGRAM - PLANT EXPANSION			\$ 3,264,500
ACCOUNT		REPAIR AND REPLACE	BUDGET
900200	Pumps & Motor Replacement (Replacement Pumps & Motors in Distribution System)		\$ 175,000
900106	Rehab/Replace/New Transmission Lines (Replacement of Various Mainline Valves & Fire Hydrants)		\$ 80,000
900379	Infrastructure Security (Cameras & Fencing at Sites)		\$ 50,000
900373	Fleet Vehicle Addition & Replacement (Valve Truck)		\$ 220,000
900171	4.0 CFS Well Field (Updated Pump and Motor for Well 18)		\$ 40,000
900102	Zone 1, 2, 3 Reservoirs (Zone 1 & Zone 2 Ventilation Screens and Zone 2 Utility Power)		\$ 205,000
TOTAL CAPITAL IMPROVEMENT PROGRAM - REPAIR AND REPLACE			\$ 770,000
GRAND TOTAL CAPITAL IMPROVEMENT PROJECTS			\$ 4,034,500

RESERVES

Table 1

RESERVE BALANCES

	June 30, 2025	March 31, 2026
<u>BOARD RESERVED</u>		
Debt Repayment Obligation	\$587,247	\$560,271 ¹
Repair & Replacement	\$8,507,435	\$10,026,021
Plant Expansion	\$10,458,199	\$12,739,079
Subtotal	\$19,552,881	\$23,325,371
<u>RESTRICTED RESERVE</u>		
Dev. Fee; SY Septic	\$109,212	\$109,212
State Water Project Reserve ²	\$3,000,000	\$3,000,000

1. This amount represents a Debt Payment Obligation reserve balance for 9-months of current FY 2025-26. The year-end reserve amount in this category will change on June 30, 2026 to reflect payments for the SWP payment due on June 1st, and the USBR Safety of Dams Repayment Contract payment.
2. One year set aside payment established to guarantee ID No.1's contractual debt obligation in the event of a default by the City of Solvang.

FISCAL YEAR BUDGET COMPARISON

Budget Item	Final 2025/26 Budget	Preliminary 2026/27 Budget	Increase (Decrease)
REVENUES			
Sales & Service	\$ 9,024,880	\$ 9,198,233	\$ 173,353
Assessments, Fees & Other Revenue	\$ 4,567,369	\$ 5,045,682	\$ 478,313
Total Revenues	\$ 13,592,249	\$ 14,243,915	\$ 651,666
EXPENDITURES			
Source of Supply	\$ 3,866,367	\$ 4,426,699	\$ 560,332
Infrastructure	\$ 155,000	\$ 170,000	\$ 15,000
Pumping	\$ 770,000	\$ 882,500	\$ 112,500
Water Treatment	\$ 108,000	\$ 88,000	\$ (20,000)
Transmission & Distribution	\$ 1,532,280	\$ 1,572,502	\$ 40,222
General & Administrative	\$ 2,945,037	\$ 3,005,407	\$ 60,370
Debt Service	\$ 26,976	\$ 26,976	\$ 0
Other Expenses (Studies, Legal & Engineering, NARES)	\$ 969,750	\$ 1,567,000	\$ 597,250
Construction In Progress	\$ 1,119,000	\$ 4,034,500	\$ 2,915,500
Total Expenditures	\$ 11,492,410	\$ 15,773,584	\$ 4,281,174
TOTAL REVENUES LESS EXPENSES	\$ 2,099,839	\$ (1,529,669)	\$ (3,629,508)
Unrestricted, Board Reserved Funds transfer to Unrestricted Funds		\$ 1,529,669	\$ 1,529,669
TOTAL REVENUES LESS EXPENSES WITH FUND TRANSFER	\$ 2,099,839	\$ 0	\$ (2,099,839)



BUDGET SUMMARY

- ▶ The FY 2026/27 Preliminary Budget proposes to fully fund all expense categories, including Operations and Maintenance (O&M), General and Administrative (G&A), Debt Service, Other Expenses and Special Studies, and a majority of Capital Improvement Project (CIP) program costs, leaving a projected budget shortfall of \$1,529,669 (resulting entirely from a proposed project to install a new groundwater production well at a cost of approximately \$3,000,000). To achieve a balanced budget, District management proposes a budget transfer from Unrestricted, Board Reserved Funds to Unrestricted Funds of \$1,529,669.

THANK YOU / QUESTIONS ?

