

RIVERSIDE PUBLIC UTILITIES FISCAL YEAR 2026-27 & 2027-28 BUDGET

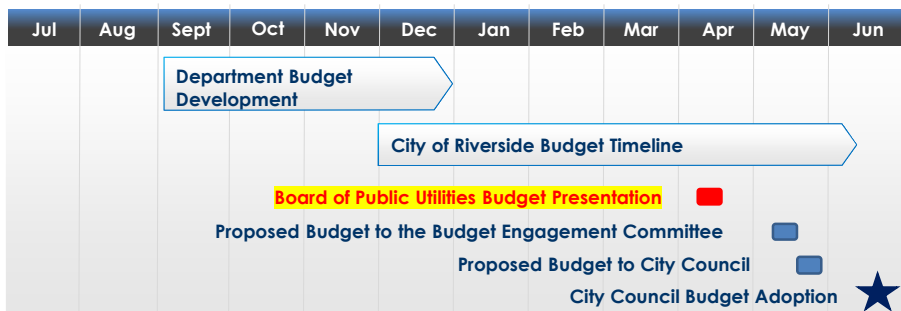
Riverside Public Utilities

Board of Public Utilities
April 13, 2026

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FY 2026/27 – 2027/28 BUDGET TIMELINE



- | | |
|--|----------------------|
| 1. Department Budget Development | September – December |
| 2. City of Riverside Budget Timeline | December - June |
| 3. Board of Public Utilities Budget Presentation | April 13 |
| 4. Proposed Budget to the Budget Engagement Commission | May 14 |
| 5. Proposed Budget to City Council | May 19 |
| 6. City Council Budget Adoption | June 23 |



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DEPARTMENT OVERVIEW

1. Customers with a service area population of approximately 320,000, encompassing 82 square miles.
2. Electric Utility
 - a. 114,180 metered customers
 - b. 475 employees
3. Water Utility
 - a. 66,772 metered customers
 - b. 165 employees



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DEPARTMENT MISSION AND VISION

Our Mission –

The City of Riverside Public Utilities Department is committed to the highest quality water and electric services at the lowest possible rates to benefit the community.

Our Vision –

Our customers will recognize Riverside Public Utilities as a unique community asset with a global reputation for innovation, sustainability and enhanced quality of life.



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DEPARTMENT CORE VALUES

1. Safety
2. Honesty and Integrity
3. Teamwork
4. Professionalism
5. Quality service
6. Creativity and Innovation
7. Inclusiveness and Mutual Respect
8. Community Involvement
9. Environmental Stewardship



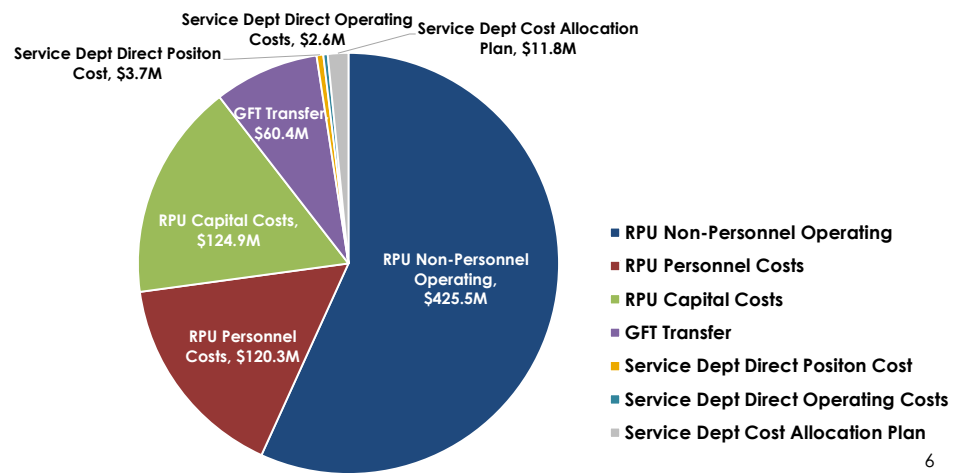
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2026-27 RPU EXPENSE BUDGET

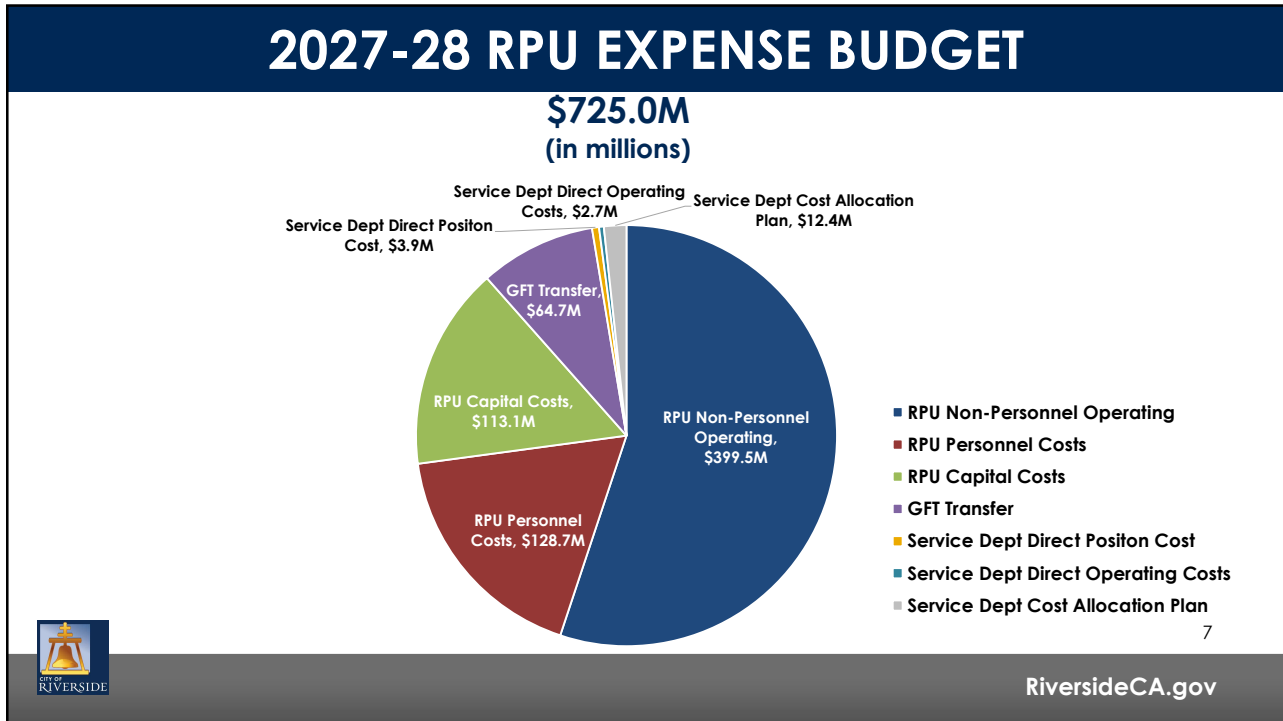
\$749.2M
(in millions)



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SERVICE DEPARTMENT COSTS

1. **Direct Positions** - Costs of specific service department FTE's that support RPU directly with an identified percentage of their time (ie Human Resources – 5 positions, 100% each)
2. **Direct Operating Costs** - Costs of specific service department operating costs that support RPU directly (ie RPU specific software licenses that IT manages)

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SERVICE DEPARTMENT DIRECT POSITIONS

Department	FTE	FY 2026/27 Budget	FY 2027/28 Budget
City Manager/Office of Sustainability	0.5	\$128,306	\$135,084
City Clerk	0.68	\$77,194	\$84,461
Human Resources	5.00	\$881,782	\$950,098
General Services	2.25	\$281,850	\$301,235
Finance	3.75	\$515,335	\$544,658
Innovation & Technology	0.50	\$142,782	\$156,313
Citywide Property Services	1.00	\$170,806	\$179,391
Public Works	2.37	\$604,716	\$637,686
Marketing and Communications	6.50	\$850,346	\$921,578
Total	22.55	\$3,653,117	\$3,910,504



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SERVICE DEPARTMENT DIRECT OPERATING COSTS

Department	Non-Personnel Direct	FY 2026/27 Budget	FY 2027/28 Budget
City Manager	Intergovernmental Relations	\$100,000	\$100,000
General Services	Corporation Yard Building Occupancy	\$167,690	\$167,690
Finance	Credit Card Fees; Annual Consolidated Financial Audit	\$1,344,239	\$1,386,753
Innovation & Technology	Software Licenses	\$827,156	\$867,869
Police	Aviation	\$127,407	\$127,407
Parks & Recreation	Casa Blanca Resource Center Landscaping	\$2,539	\$3,923
Total		\$2,569,031	\$2,653,642



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COST ALLOCATION PLAN PURPOSE

1. Identify and distribute indirect costs (administrative and support services) to recipient departments.
2. Most large organizations – public and private – create a CAP to efficiently & fairly distribute the costs throughout the organization.
3. The Government Finance Officers Association (GFOA) underscores the significance of cost allocation in its best practices for financial management.
4. Annually developed by City staff since 2018, reviewed by independent consultant in 2021 ensuring alignment with industry best practices.



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BENEFITS OF COST ALLOCATION PLAN

1. **Efficiency** – shared infrastructure
2. **Specialized Expertise** – e.g., Human Resources & Finance
3. **Focus on Core Functions** – Recipients can focus on primary mission and goals
4. **Standardization of Processes and Procedures** – enhance efficiency, reduce errors, cohesive framework
5. **Risk Management** – compliance and internal controls



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SERVICE DEPARTMENT ALLOCATED COSTS (CAP)

Department	FY 2026/27 Budget	FY 2027/28 Budget
Mayor	\$245,971	\$257,979
City Council	\$547,830	\$574,651
City Manager	\$1,052,529	\$1,104,261
City Clerk	\$222,505	\$233,509
City Attorney	\$574,531	\$603,091
Human Resources	\$1,334,471	\$1,399,390
General Services	\$1,235,920	\$1,297,095
Finance	\$2,127,952	\$2,231,925
Innovation & Technology	\$3,663,113	\$3,844,423
Citywide Property Services	\$294,812	\$309,287
Non-Departmental	\$43,618	\$44,992
Marketing and Communications	\$446,021	\$468,766
Total	\$11,789,273	\$12,369,369



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RPU DEPARTMENT COSTS CHARGED TO OTHERS

RPU Department (Methodology)	City Department Charged	FY 2026/27 Budget	FY 2027/28 Budget
Call Center – 311	All City Departments	\$2,134,187	\$2,290,520
Customer Services	Refuse and Sewer	\$1,374,346	\$1,455,060
Utility Business Services	Refuse and Sewer	\$755,848	\$789,400
Fiber Optics	City Manager, Fire, Police, Public Works, General Services, Library, Museum	\$404,340	\$404,340
Fiber Infrastructure Fee	City Finance	\$221,666	\$221,666
Utility Billing Services	Refuse and Sewer	\$312,041	\$330,066
EnQuesta V6 upgrade	Refuse and Sewer	\$185,188	\$185,188
Building Occupancy - Customer Resource Center	Passport Services	\$53,933	\$0
Total		\$5,441,549	\$5,676,240



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MAJOR HIGHLIGHTS

1. Planned use of reserves prior to contributing to reserves according to approved five-year rate plan.
2. Regulatory constraints and mandates, including meeting the power supply renewable percentage and overall cost increases, have caused operations, maintenance and capital costs to increase.
3. Significant unfunded capital needs due to aging infrastructure and equipment.



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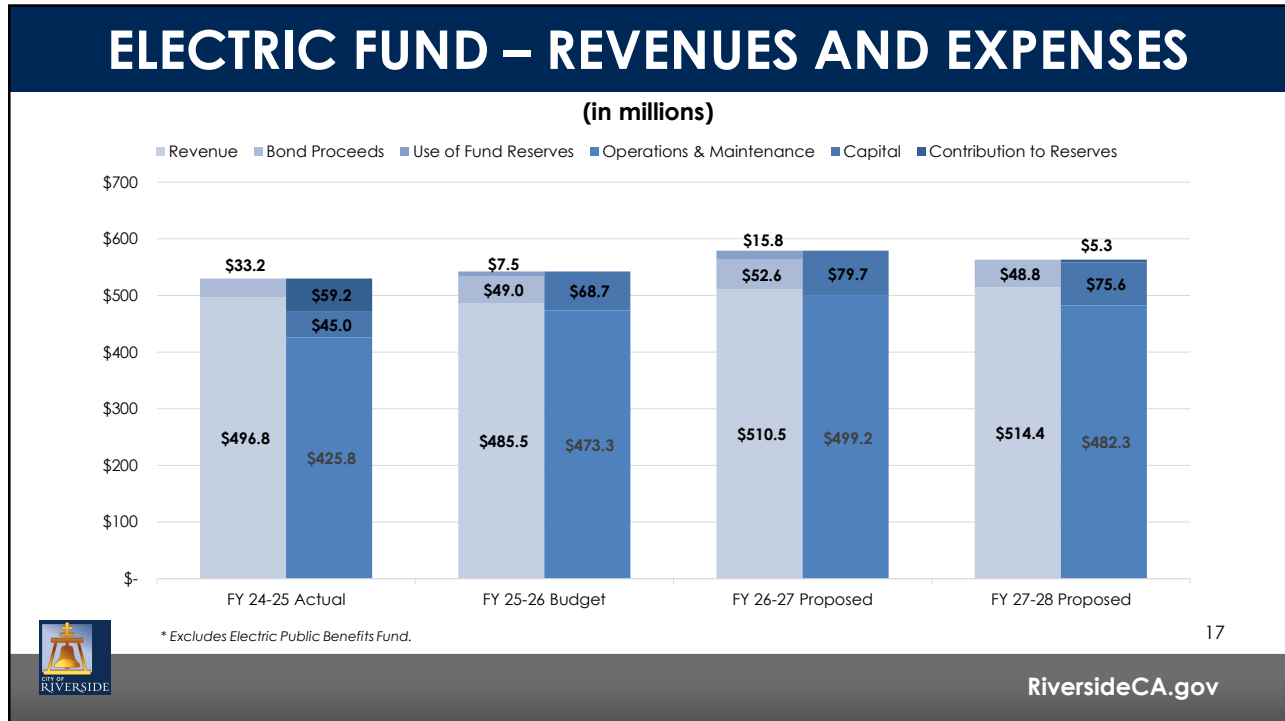
ELECTRIC



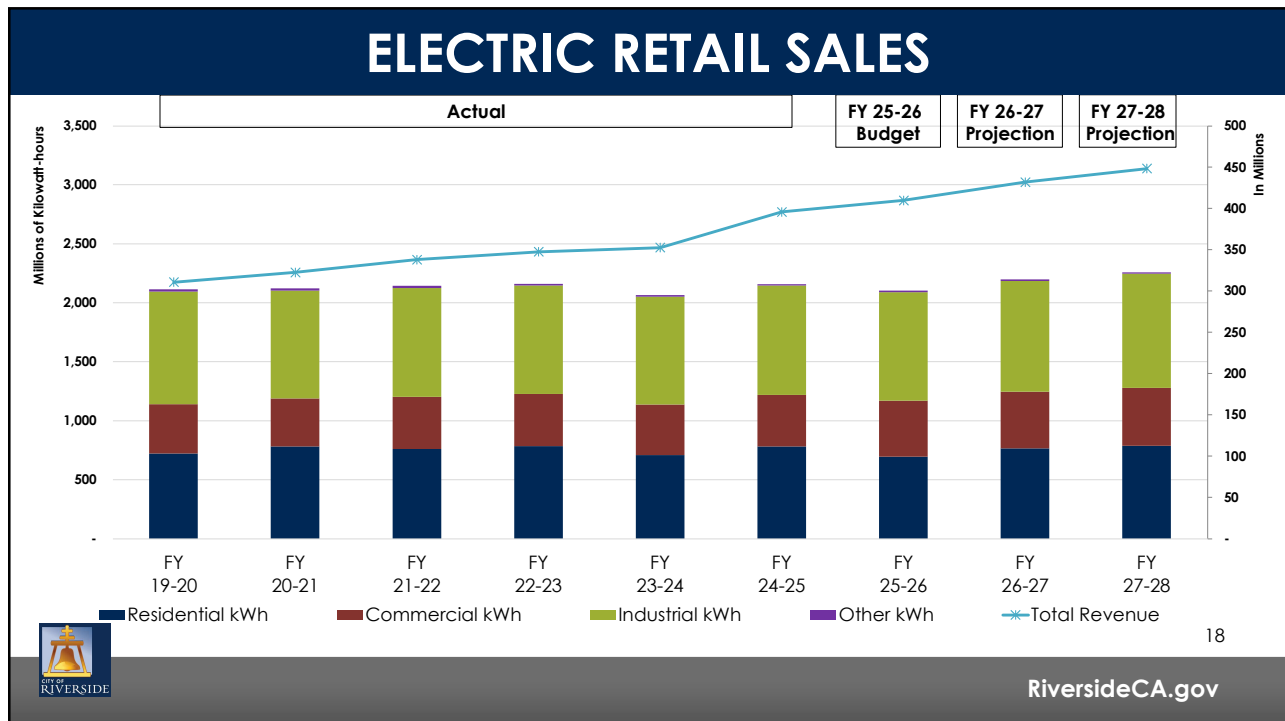
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ELECTRIC REVENUES			
Summary (in millions)			
	Projected		
	26-27	27-28	
Operating	\$ 502.1	\$ 506.0	
Non-Operating	21.5	21.9	
Sources of Funds	68.4	43.5	
Total, Revenues	\$ 592.0	\$ 571.4	
Percentage Increase/(Decrease)			-3.48%


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ELECTRIC REVENUES				
Operating, Non-Operating and Other Sources of Funds (in millions)				
	Actual 24-25	Budget 25-26	Projected	
			26-27	27-28
Operating Revenues				
Retail Sales	\$ 395.6	\$ 409.6	\$ 431.7	\$ 448.0
Transmission Revenue	32.7	27.0	34.2	21.7
Other Operating Revenue	28.2	31.2	23.1	22.8
Public Benefits Program Revenue	13.3	13.7	13.1	13.5
Subtotal, Operating Revenues	\$ 469.8	\$ 481.5	\$ 502.1	\$ 506.0
Percentage Increase/(Decrease)		2.49%	4.28%	0.78%


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ELECTRIC REVENUES				
Operating, Non-Operating and Other Sources of Funds				
(in millions)				
Non-Operating Revenues	Actual	Budget	Projected	
	24-25	25-26	26-27	27-28
Interest Income*	\$ 26.9	\$ 8.7	\$ 12.4	\$ 12.5
Capital Contributions**	8.7	5.0	5.1	5.3
Other Nonoperating Revenues	4.7	4.0	4.0	4.1
Subtotal, Non-Operating Revenues	\$ 40.3	\$ 17.7	\$ 21.5	\$ 21.9
Percentage Increase/(Decrease)		-56.08%	21.47%	1.86%


*Interest income includes adjustments for fair market value of investments in FY 24-25
 **Capital Contributions includes non-cash in FY 24-25



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ELECTRIC REVENUES				
Operating, Non-Operating and Other Sources of Funds				
(in millions)				
Sources of Funds	Actual	Budget	Projected	
	24-25	25-26	26-27	27-28
Bond Proceeds	\$ 33.2	\$ 49.0	\$ 52.6	\$ 48.8
Contributions from Rates/Reserves	-	10.4	15.8	-
Contributions to Reserves	(62.3)	-	-	(5.3)
Subtotal, Sources of Funds	\$ (29.1)	\$ 59.4	\$ 68.4	\$ 43.5
Percentage Increase/(Decrease)		-304.12%	15.15%	-36.40%
Total Operating, Non-Operating and Other Sources of Funds	\$ 481.0	\$ 558.6	\$ 592.0	\$ 571.4
Percentage Increase/(Decrease)		16.13%	5.98%	-3.48%



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PUBLIC BENEFITS CHARGE OVERVIEW

1. Mandated State Charge – implemented by AB 1890 (1996) as part of the restructuring of California's electric utility industry
2. 2.85% min. charge on all electricity sales which can only be used to fund the following:
 - a. Energy Efficiency
 - b. Research, Design & Development (RD&D)
 - c. Low-Income Assistance
 - d. Renewable Energy

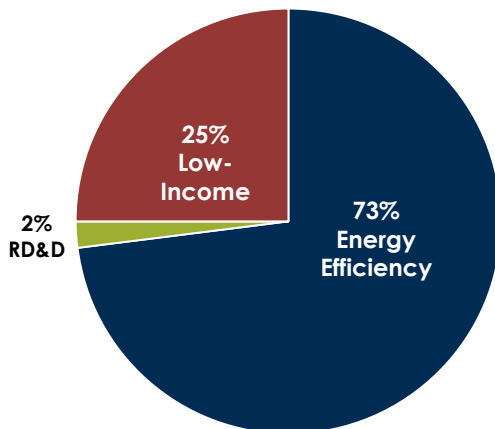


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PUBLIC BENEFIT FUND – FY 2026-27 / 2027-28



- 1. Energy Efficiency**
 - a. 26 residential and commercial rebates
 - b. Direct installations, audits, and performance-based programs
- 2. Low-Income**
 - a. Sharing Households Assist Riverside's Energy (SHARE) Program
 - b. Energy Saving Assistance Program (ESAP)
- 3. Research, Design & Development**

Custom Energy Technology and Energy Innovation Grants



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ELECTRIC EXPENSES			
Summary (in millions)			
	Projected		
	26-27	27-28	
Personnel	\$ 88.6	\$ 95.0	
Non-Personnel	373.1	346.7	
CIP	79.7	75.6	
General Fund Transfer	50.6	54.1	
Total, Expenses	\$ 592.0	\$ 571.4	
Percentage Increase/(Decrease)			-3.48%



ELECTRIC EXPENSES						
Personnel, Non-Personnel and Other Uses of Funds (in millions)						
Personnel	Actual		Budget		Projected	
	24-25	25-26	26-27	27-28	26-27	27-28
Salaries	\$ 48.5	\$ 58.6	\$ 60.5	\$ 65.2	\$ 60.5	\$ 65.2
Overtime	5.8	5.5	6.2	6.3	6.2	6.3
CalPERS	7.6	11.3	12.6	13.9	12.6	13.9
Benefits	8.2	9.1	9.3	9.6	9.3	9.6
Subtotal, Personnel Expenses	\$ 70.1	\$ 84.5	\$ 88.6	\$ 95.0	\$ 88.6	\$ 95.0
Percentage Increase/(Decrease)		20.54%	4.85%	7.22%		



ELECTRIC EXPENSES				
Personnel, Non-Personnel and Other Uses of Funds				
(in millions)				
Non-Personnel	Actual	Budget	Projected	
	24-25	25-26	26-27	27-28
Power Supply	\$ 225.6	\$ 258.3	\$ 269.4	\$ 243.1
Operating and Maintenance	30.8	25.1	32.9	29.6
Debt Service	54.1	58.4	57.7	60.5
Public Benefits Program	10.3	16.6	13.1	13.5
Subtotal, Non-Operating Expenses	\$ 320.8	\$ 358.4	\$ 373.1	\$ 346.7
Percentage Increase/(Decrease)		11.72%	4.10%	-7.08%



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ELECTRIC EXPENSES				
Personnel, Non-Personnel and Other Uses of Funds				
(in millions)				
Other Uses of Funds	Actual	Budget	Projected	
	24-25	25-26	26-27	27-28
CIP	\$ 44.9	\$ 68.7	\$ 79.7	\$ 75.6
General Fund Transfer	45.2	47.0	50.6	54.1
Subtotal, Other Uses of Funds	\$ 90.1	\$ 115.7	\$ 130.3	\$ 129.7
Percentage Increase/(Decrease)		28.41%	12.62%	-0.46%
Total Personnel, Non-Personnel and Other Uses of Funds	\$ 481.0	\$ 558.6	\$ 592.0	\$ 571.4
Percentage Increase/(Decrease)		16.13%	5.98%	-3.48%




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ELECTRIC PERSONNEL

Position	Increase/ (Decrease)	FTE	Justification
Current Positions FY 25/26		475.0	
Utility Meter Reader	(7.0)		Remove vacation positions no longer necessary to support Field Services operations
Utility Analyst	1.0		To support analytics and reporting for Customer Service, 311, and Credit and Collections
SCADA System Supervisor	1.0		To support the Generation Section's increasing complexity of technical operations and to ensure long-term organizational resilience.
Net Change	(5.0)		
Proposed Positions FY 26/27		470.0	



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ELECTRIC SUPPLEMENTAL BUDGET EXPENSES

Expense	Description	FY 2026/27 Budget	FY 2027/28 Budget
Personnel Overtime	Result of salary increases and increased hours to support planned additional overhead and underground inspections	\$301,000	\$301,000
Operating and Maintenance	ERP digital modernization project – Upgrade the Work Order Asset Management System	\$2,225,000	\$0
Operations and Maintenance	Various building improvements to Mission Square and Utilities Operations Center	\$1,068,800	\$1,139,700
Operations and Maintenance	Increased costs for postage and envelopes for utility bill mailings	\$412,000	\$504,000


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ELECTRIC SUPPLEMENTAL BUDGET EXPENSES

Expense	Description	FY 2026/27 Budget	FY 2027/28 Budget
Operations and Maintenance	Consultant support for stakeholder initiatives relating to CAISO energy markets and transmission system	\$310,000	\$310,000
Operations and Maintenance	CAISO software	\$250,000	\$250,000
Operations and Maintenance	Support long-term transformer inventory needs at Central Stores/Corp Yard	\$250,000	\$0
Operations and Maintenance	Increased Customer Services telephone charges	\$165,000	\$165,000
Operations and Maintenance	Miscellaneous safety supplies and training	\$105,000	\$105,000
Total		\$5,086,800	\$2,774,700



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ELECTRIC PROPOSED CIP FY 2027 - 2031

(in millions)

	Proposed		-----Planning Purposes-----			Total
	26-27	27-28	28-29	29-30	30-31	
Overhead	\$ 10.4	\$ 11.1	\$ 11.0	\$ 11.0	\$ 11.4	\$ 54.9
Underground	17.8	18.5	18.7	18.7	19.3	93.0
Substation	28.3	22.4	21.8	25.7	15.2	113.4
Recurring / Obligation to Serve	15.9	17.1	17.1	17.1	17.4	84.6
System Automation	7.3	6.5	5.7	14.4	11.9	45.8
Total	\$ 79.7	\$ 75.6	\$ 74.3	\$ 86.9	\$ 75.2	\$ 391.7



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ELECTRIC CAPITAL IMPROVEMENT PLAN

(in millions)

	Actual		Budget		Projected	
	24-25		25-26		26-27	27-28
Revenues and Sources of Funds						
Rates/Reserves	\$ 3.0	\$	14.7	\$	22.0	\$ 21.5
Bond Proceeds	33.2		49.0		52.6	48.8
Contribution in Aid	8.7		5.0		5.1	5.3
Total	\$ 44.9	\$	68.7	\$	79.7	\$ 75.6
Expenses and Uses of Funds						
Overhead	\$ 2.6	\$	10.4	\$	10.4	\$ 11.1
Underground	5.3		16.3		17.8	18.5
Substation	19.7		17.6		28.3	22.4
Recurring/Obligation to Serve	13.6		16.6		15.9	17.1
System Automation	3.7		7.8		7.3	6.5
Total	\$ 44.9	\$	68.7	\$	79.7	\$ 75.6


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ELECTRIC CIP

BUDGET vs ACTUAL

(in millions)

	FY 22-23		FY 23-24		FY 24-25		FY 25-26	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Forecast
Overhead	\$ 5.1	\$ 2.4	\$ 8.2	\$ 4.8	\$ 10.0	\$ 2.6	\$ 10.4	\$ 7.1
Underground	7.8	6.0	14.1	5.1	12.1	5.3	16.3	8.9
Substation	5.9	4.1	13.0	5.3	15.3	19.7	17.6	22.6
Recurring / Obligation to Serve	15.2	8.8	14.4	5.9	16.6	13.6	16.6	8.9
System Automation	6.8	5.5	7.0	2.7	7.3	3.7	7.8	9.3
Total	\$ 40.8	\$ 26.8	\$ 56.7	\$ 23.8	\$ 61.3	\$ 44.9	\$ 68.7	\$ 56.8



* Budgets and Actuals do not include capital costs related to RTRP.

** Budgets do not include carryovers.


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ELECTRIC SUPPLEMENTAL CIP

Description	Funding Source	FY 2026/27 Budget	FY 2027/28 Budget
Preliminary study and civil work for Battery Storage project that is need to replace Springs Generation Plant	Undesignated Reserves	\$3,000,000	\$0
EV charging infrastructure to support RPU fleet vehicle electrification	GHG Reserves	\$200,000	\$0
Internal Generation, RERC and Clearwater, capital repair and replacement	Reliability Reserves	\$9,400,000	\$5,900,000
Total		\$12,600,000	\$5,900,000



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UNFUNDED ELECTRIC CIP

Project	Description	Funding Source	5-Year CIP FY 26/27 – 30/31
Technology	Customer Information Billing System upgrade or replacement. Included in FY 29/30 and 30/31 of the CIP for planning purposes.	Bonds	\$17,200,000
Substation	Internal Generation, RERC and Clearwater, capital repair and replacement. Included in FY 28/29; 29/30 and 30/31 of the CIP for planning purposes.	Reliability Reserves	\$15,050,000
Substation	Springs substation bank addition and multi substation getaways upgrades	Bonds	\$17,000,000
Circuit Feeders	Northside Area three new 12kV circuit feeders	Bonds	\$9,000,000
Distribution Automation	Reclosers and automated switches, upgrading caps	Bonds	\$4,500,000



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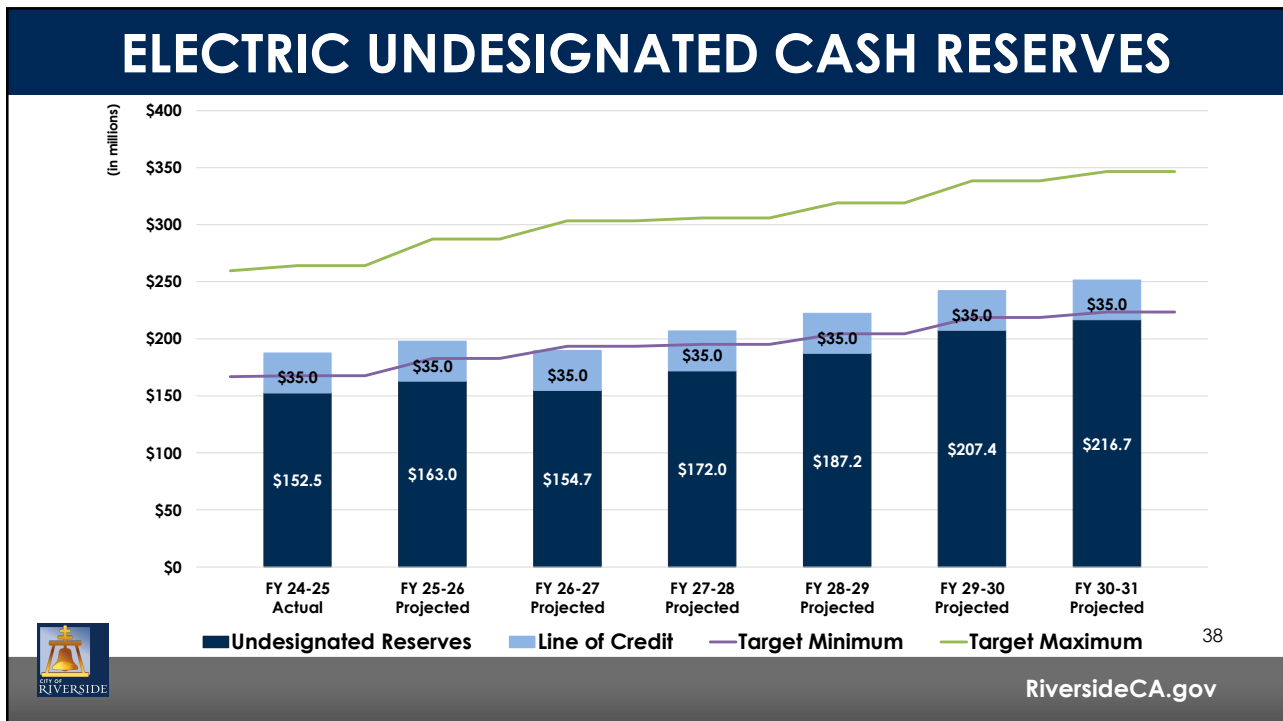
UNFUNDED ELECTRIC CIP

Project	Description	Funding Source	5-Year CIP FY 26/27 – 30/31
Springs BES Development – Phase 2	Additional funding for Battery Energy Storage project, including land acquisition, preliminary engineering and design, and Environmental Impact studies.	Reserves	\$4,000,000
Facilities Relocation	3 rd Street electrical facilities relocation	Bonds	\$3,500,000
Distribution Transformer	Distribution transformer load management system	Bonds	\$1,500,000
Total			\$71,750,000


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WATER



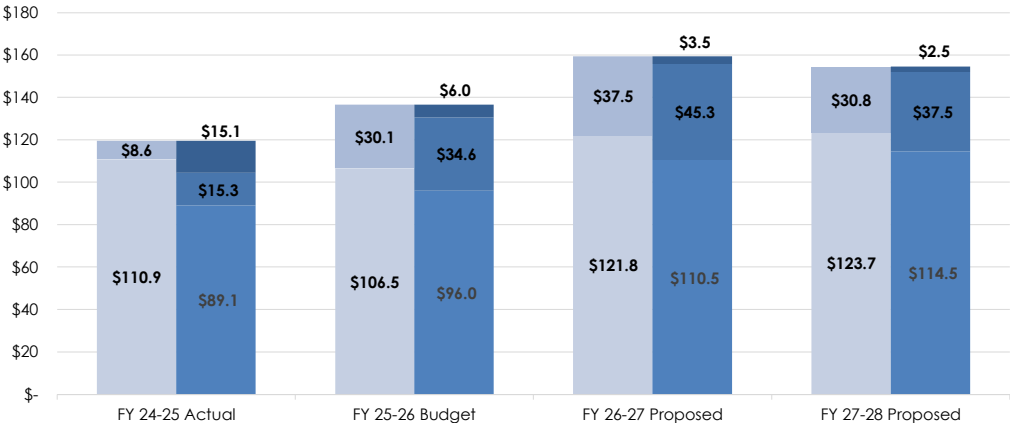

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WATER FUND – REVENUES AND EXPENSES

(in millions)

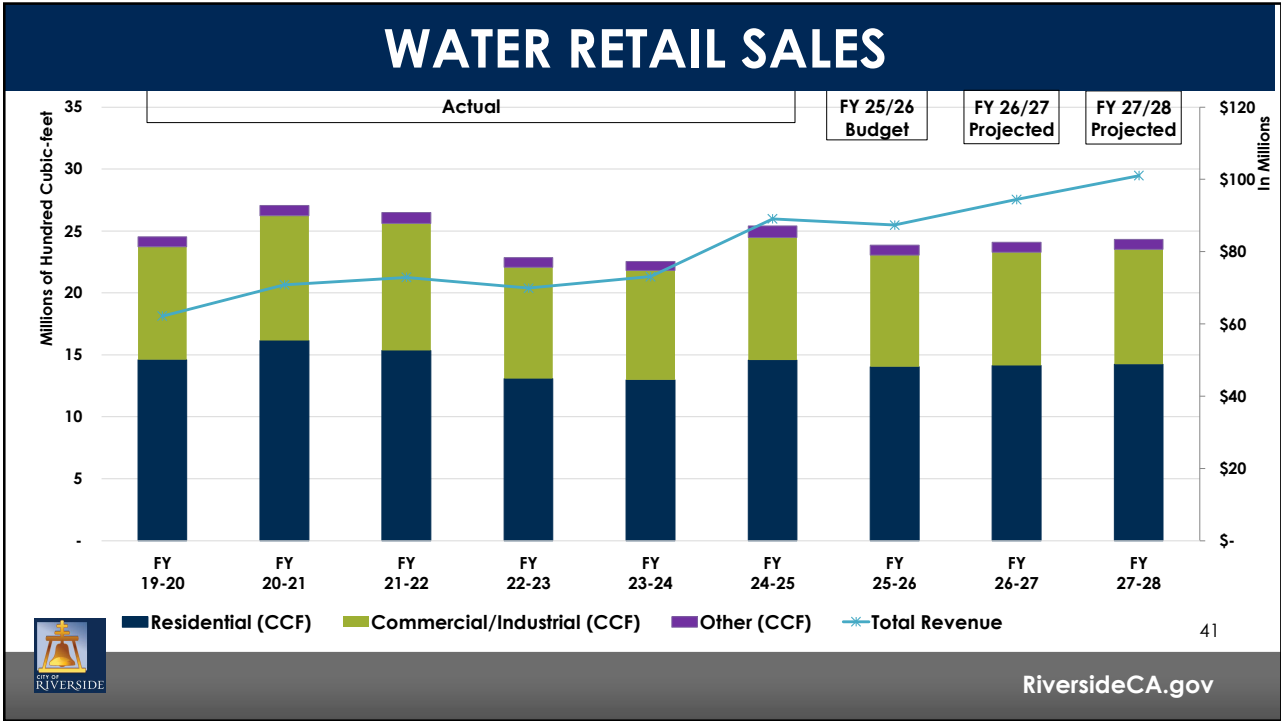
■ Revenue
 ■ Bond Proceeds
 ■ Use of Fund Reserves
 ■ Operations & Maintenance
 ■ Capital
 ■ Contribution to Reserves



Year	Revenue	Bond Proceeds	Use of Fund Reserves	Operations & Maintenance	Capital	Contribution to Reserves
FY 24-25 Actual	\$110.9	\$8.6	\$89.1	\$15.3	\$15.1	
FY 25-26 Budget	\$106.5	\$30.1	\$96.0	\$34.6	\$6.0	
FY 26-27 Proposed	\$121.8	\$37.5	\$110.5	\$45.3	\$3.5	
FY 27-28 Proposed	\$123.7	\$30.8	\$114.5	\$37.5	\$2.5	


* Excludes Water Conservation Fund
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WATER REVENUES

Summary (in millions)

	Projected	
	26-27	27-28
Operating	\$ 111.5	\$ 112.9
Non-Operating	10.4	10.8
Sources of Funds	35.4	29.8
Total, Revenues	\$ 157.3	\$ 153.5
		-2.42%

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WATER REVENUES				
Operating, Non-Operating and Other Sources of Funds				
(in millions)				
Operating Revenues	Actual 24-25	Budget 25-26	Projected 26-27 27-28	
Retail Sales	\$ 89.1	\$ 87.3	\$ 94.4	\$ 101.0
Wholesale Sales	0.7	2.4	2.0	2.0
Water Conveyance Revenue	3.0	3.7	3.7	3.9
Other Operating Revenue	3.1	3.0	11.3	6.0
Water Conservation Revenue	0.2	1.6	0.1	-
Subtotal, Operating Revenues	\$ 96.1	\$ 98.0	\$ 111.5	\$ 112.9
Percentage Increase/(Decrease)		1.98%	13.78%	1.26%



WATER REVENUES				
Operating, Non-Operating and Other Sources of Funds				
(in millions)				
Non-Operating Revenues	Actual 24-25	Budget 25-26	Projected 26-27 27-28	
Interest Income*	\$ 7.1	\$ 3.5	\$ 4.4	\$ 4.9
Capital Contributions**	2.4	1.0	1.0	1.0
Other Non-Operating Revenues	5.6	5.6	5.0	4.9
Subtotal, Non-Operating Revenues	\$ 15.1	\$ 10.1	\$ 10.4	\$ 10.8
Percentage Increase/(Decrease)		-33.11%	2.97%	3.85%


*Interest income includes adjustments for fair market value of investments in FY 24-25
 **Capital Contributions includes non-cash in FY 24-25



WATER REVENUES


Operating, Non-Operating and Other Sources of Funds (in millions)

Sources of Funds	Actual		Budget		Projected	
	24-25	25-26	25-26	26-27	27-28	27-28
Bond Proceeds	\$ 8.6	\$ 30.1	\$ 30.1	\$ 37.5	\$ 30.8	
Contributions from Rates/Reserves	-	-	-	-	-	
Contributions to Reserves	(14.6)	(6.0)	(6.0)	(2.1)	(1.0)	
Subtotal, Sources of Funds	<u>\$ (6.0)</u>	<u>\$ 24.1</u>	<u>\$ 24.1</u>	<u>\$ 35.4</u>	<u>\$ 29.8</u>	
Percentage Increase/(Decrease)			-501.67%	46.89%	-15.82%	
 Total Operating, Non-Operating and Other Sources of Funds	 <u>\$ 105.2</u>	 <u>\$ 132.2</u>	 <u>\$ 132.2</u>	 <u>\$ 157.3</u>	 <u>\$ 153.5</u>	
Percentage Increase/(Decrease)			25.67%	18.99%	-2.42%	


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- ## WATER CONSERVATION CHARGE OVERVIEW
1. On May 25, 2004, the City Council adopted the Water Conservation and Reclamation Surcharge - a 1.5% surcharge on all water sales.
 2. On April 22, 2014, the Surcharge was renewed for an additional 10 years.
 3. On April 16, 2024, City Council determined that the existing funds should be spend down in alignment with the intent of the Conservation Surcharge and directed staff to cease collecting it.
 4. Surcharge can be used to fund the following:
 - a. Conservation, education, and water use efficiency programs; and
 - b. Research, development, and demonstration programs to advance science and technology with respect to water conservation.
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WATER CONSERVATION FUND – FY 2026-27 / 2027-28



100%
Water
Efficiency

1. Water Efficiency

- a. 8 residential and commercial water efficiency programs
- b. Direct installations, audits, and landscaping programs


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WATER EXPENSES

Summary
(in millions)

	Projected	
	26-27	27-28
Personnel	\$ 31.7	\$ 33.7
Non-Personnel	70.5	71.7
CIP	45.3	37.5
General Fund Transfer	9.8	10.6
Total, Expenses	\$ 157.3	\$ 153.5
Percentage Increase/(Decrease)		-2.42%


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WATER EXPENSES				
Personnel, Non-Personnel and Other Uses of Funds				
(in millions)				
Personnel	Actual	Budget	Projected	
	24-25	25-26	26-27	27-28
Salaries	\$ 16.9	\$ 19.7	\$ 20.8	\$ 22.2
Overtime	2.1	2.8	2.9	3.0
CalPERS	2.5	3.8	4.3	4.7
Benefits	3.2	3.4	3.7	3.8
Subtotal, Personnel Expenses	\$ 24.7	\$ 29.7	\$ 31.7	\$ 33.7
Percentage Increase/(Decrease)		20.24%	6.73%	6.31%



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WATER EXPENSES				
Personnel, Non-Personnel and Other Uses of Funds				
(in millions)				
Non-Personnel	Actual	Budget	Projected	
	24-25	25-26	26-27	27-28
Production Costs	\$ 8.5	\$ 8.9	\$ 9.5	\$ 9.7
System Operations	25.7	21.5	29.7	26.6
Debt Service	21.9	26.8	29.8	33.9
Water Conservation Programs	0.9	1.5	1.5	1.5
Subtotal, Non-Operating Expenses	\$ 57.0	\$ 58.7	\$ 70.5	\$ 71.7
Percentage Increase/(Decrease)		2.98%	20.10%	1.70%



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WATER EXPENSES

Personnel, Non-Personnel and Other Uses of Funds (in millions)

Other Uses of Funds	Actual	Budget	Projected	
	24-25	25-26	26-27	27-28
CIP	\$ 15.3	\$ 34.6	\$ 45.3	\$ 37.5
General Fund Transfer	8.2	9.2	9.8	10.6
Subtotal, Other Uses of Funds	\$ 23.5	\$ 43.8	\$ 55.1	\$ 48.1
Percentage Increase/(Decrease)		86.38%	25.80%	-12.70%
Total Personnel, Non-Personnel and Other Uses of Funds	\$ 105.2	\$ 132.2	\$ 157.3	\$ 153.5
Percentage Increase/(Decrease)		25.67%	18.99%	-2.42%



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WATER SUPPLEMENTAL BUDGET EXPENSES

Expense	Description	FY 2026/27 Budget	FY 2027/28 Budget
Personnel Overtime	After hours emergency call outs at various Water facilities	\$77,935	\$84,955
Operating and Maintenance	ERP digital modernization project – Upgrade the Work Order Asset Management System	\$170,000	\$0
Operations and Maintenance	Increase costs for contracts and energy costs due to increased rates and inflation	\$698,750	\$763,750
Operations and Maintenance	Increase in Gage Canal and other tax assessments	\$1,500,000	\$1,700,000
Operations and Maintenance	Increase in maintenance and repair work including additional paving expenses previously approved by Board	\$1,541,250	\$1,541,250


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WATER SUPPLEMENTAL BUDGET EXPENSES

Expense	Description	FY 2026/27 Budget	FY 2027/28 Budget
Operations and Maintenance	Increase in capitalization threshold from \$5,000 to \$10,000. Moves cost from Capital to Operating and Maintenance	\$800,000	\$800,000
Operations and Maintenance	Purchase of 21 various heavy equipment vehicles including, but not limited to, backhoes, dump trucks, and service trucks	\$5,210,000	\$0
Operations and Maintenance	Purchase of diesel generators including transfer switches	\$300,000	\$0
Total		\$10,297,935	\$4,889,955



WATER PROPOSED CIP FY 2027-2031

(in millions)

	Proposed		-----Planning Purposes-----			Total
	26-27	27-28	28-29	29-30	30-31	
Water Supply	\$ 5.5	\$ 1.1	\$ -	\$ -	\$ -	\$ 6.6
Well Projects	7.4	4.9	6.2	6.2	6.2	30.9
Transmission Pipelines	8.4	9.5	10.4	9.0	3.2	40.5
Distribution Pipelines	17.3	17.1	21.3	18.6	19.9	94.2
Distribution Facilities	2.7	2.7	2.8	3.3	4.0	15.5
Treatment Plants	0.3	1.7	0.3	0.5	0.5	3.3
Reservoir Projects	0.4	0.3	0.2	0.2	0.4	1.5
System Automation	3.3	0.2	0.2	0.2	0.2	4.1
Total	\$ 45.3	\$ 37.5	\$ 41.4	\$ 38.0	\$ 34.4	\$ 196.6



WATER CAPITAL IMPROVEMENT PLAN

(in millions)

	Actual		Budget		Projected	
	24-25	25-26	26-27	27-28		
Revenues and Sources of Funds						
Rates/Reserves	\$ 4.3	\$ 3.5	\$ 6.8	\$ 5.7		
Bond Proceeds	8.6	30.1	37.5	30.8		
Contribution in Aid	2.4	1.0	1.0	1.0		
Total	\$ 15.3	\$ 34.6	\$ 45.3	\$ 37.5		
Expenses and Uses of Funds						
Water Supply	\$ 0.6	\$ 8.5	\$ 5.5	\$ 1.1		
Well Projects	2.0	1.9	7.4	4.9		
Transmission Pipelines	2.5	2.4	8.4	9.5		
Distribution Pipelines	7.9	15.1	17.3	17.1		
Distribution Facilities	1.7	1.5	2.7	2.7		
Treatment Plants	-	0.3	0.3	1.7		
Reservoir Projects	-	0.2	0.4	0.3		
System Automation	0.6	4.7	3.3	0.2		
Total	\$ 15.3	\$ 34.6	\$ 45.3	\$ 37.5		



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WATER CIP

BUDGET vs ACTUAL

(in millions)

	FY 22-23		FY 23-24		FY 24-25		FY 25-26	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Forecast
Water Supply	\$ -	\$ 2.6	\$ -	\$ 10.6	\$ -	\$ 0.6	\$ 8.5	\$ -
Well Projects	5.1	3.3	1.2	2.4	3.8	2.0	1.9	5.9
Transmission Pipelines	6.3	1.6	9.8	5.0	5.9	2.5	2.4	-
Distribution Pipelines	10.6	10.8	13.2	10.1	14.1	7.9	15.1	15.7
Distribution Facilities	1.5	-	1.3	1.2	1.6	1.7	1.6	2.2
Treatment Plants	-	-	0.4	-	0.3	-	0.3	1.2
Reservoir Projects	0.6	-	-	-	0.3	-	0.1	-
System Automation	5.0	0.6	4.0	0.8	3.6	0.6	4.7	1.5
Total	\$ 29.1	\$ 18.9	\$ 29.9	\$ 30.1	\$ 29.6	\$ 15.3	\$ 34.6	\$ 26.5

* Budgets do not include carryovers.




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WATER SUPPLEMENTAL CIP

Description	Funding Source	FY 2026/27 Budget	FY 2027/28 Budget
Increase in paving expenses previously approved by Board and City Council	Undesignated Reserves	\$1,625,000	\$1,625,000
Reduction in CIP due to increased capitalization threshold. Funding moved to Operating and Maintenance.	Undesignated Reserves	(\$800,000)	(\$800,000)
Total		\$825,000	\$825,000



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UNFUNDED WATER CIP

Project	Description	Funding Source	5-Year CIP FY 26/27 – 30/31
PFAS Treatment Plants	Regulatory requirements to meet MCL PFAS	Bonds	\$113,870,451
Main Replacements	Additional funding to achieve 130-year lifecycle	Bonds	\$56,003,396
Reservoir Retrofits / Replacements	Replace University and Sugarloaf reservoirs	Bonds	\$12,900,000
Transmission Main Replacement	Transmission Main Replacement (Mission/Park)	Bonds	\$11,800,000
Distribution Facility Replacements	Additional main and service leak repairs	Bonds	\$11,500,000



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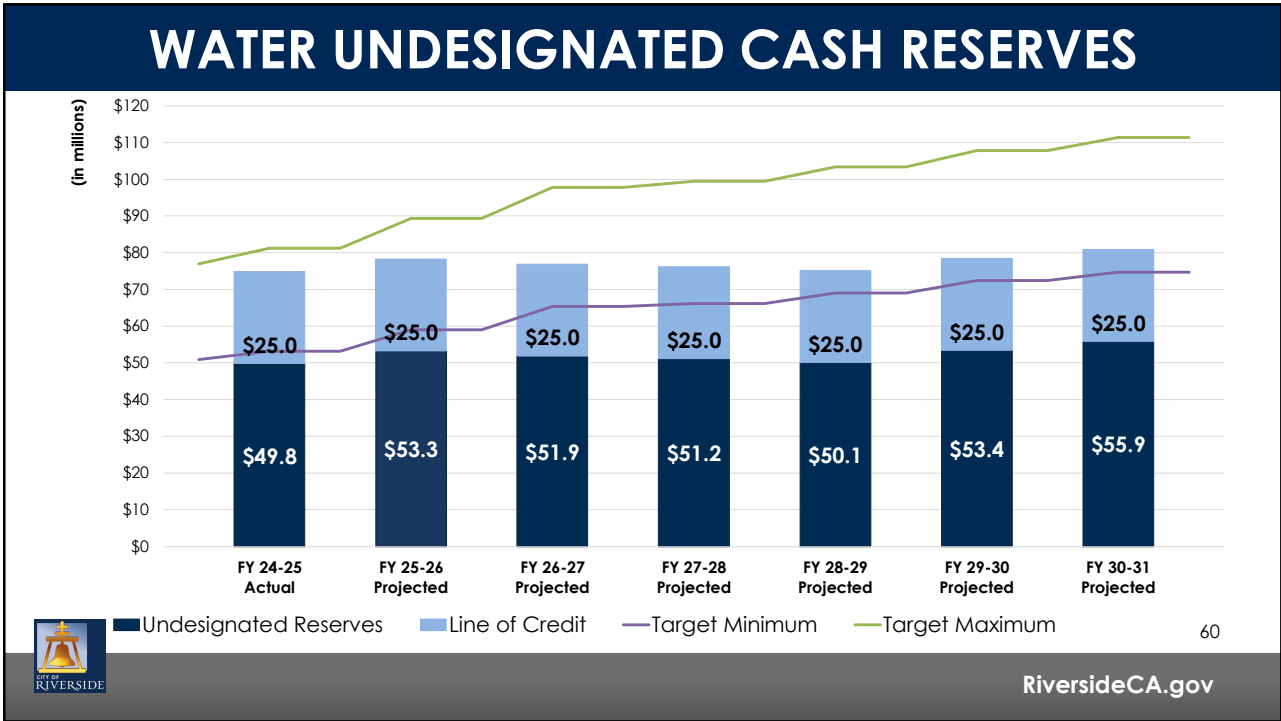
UNFUNDED WATER CIP

Project	Description	Funding Source	5-Year CIP FY 26/27 – 30/31
Well Rehabs	Maintain water supply production due to declining water levels	Bonds	\$3,000,000
System Expansion	Additional funding needed to support current trends	Developer	\$1,000,000
Paving	Repair damage to streets from water leaks	Rates	\$1,000,000
Safety Equipment	Arc Flash mitigation equipment at well, booster and other water facility sites.	Bonds	\$5,500,000
Total			\$216,573,847


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RECOMMENDATIONS

That the Board of Public Utilities recommend that City Council:

1. Approve the Electric Funds (including the Public Benefits Fund) proposed FY 2026/27 budget totaling \$523.6M in revenues, \$512.3M in operating expenditures and \$79.7M in capital improvements and proposed FY 2027/28 budget totaling \$527.9M in revenues, \$495.8M in operating expenditures and \$75.6M in capital improvements. The difference between revenues and expenditures including capital improvements to be covered by bond proceeds and undesignated, designated and restricted reserves; and



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RECOMMENDATIONS

2. Approve the Water Funds (including Water Conservation Fund) proposed for FY 2026/27 budget totaling \$121.8M in revenues, \$112.0M in operating expenditures and \$45.3M in capital improvements and proposed FY 2027/28 budget totaling \$123.7M in revenues, \$116.0M in operating expenditures and \$37.5M in capital improvements. The difference between revenues and expenditures including capital improvements is expected to be covered by bond proceeds and undesignated, designated, and restricted reserves.



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