

FY 2027 and FY 2028 Biennial Budget Adoption

Board of Directors Meeting | May 2026



Water Fund

Expenditures and Revenues





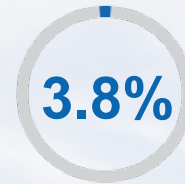
Major Cost Drivers FY 27 and FY 28

Three new fixed charges introduced by Metropolitan:

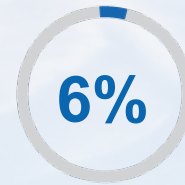
- Treatment Peaking Capacity Charge
- Treatment Used Standby Capacity Charge
- Treatment Remaining Capacity Charge

Regulatory and Compliance costs related to new environmental and state regulations:

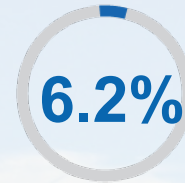
- Making Conservation a California Way of Life – new state regulation
- Water Loss and Real Loss Standards – compliance by January 1, 2028
- AB 1572 Nonfunctional Turf Irrigation Ban



Consumer Price Index (CPI)
San Diego County



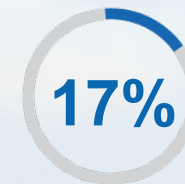
Increase in power costs from
SDG&E



Increase in treated water purchases
from Metropolitan in CY27 & CY 28



Increase in CalPERS UAL due to market
performance and actuarial analysis



Fuel cost increase



Total Net Revenue Budget FY 27 and FY 28

Water Fund

*one-time fee revenue restricted for CIP only

REVENUE	FY 27 Budget	FY 28 Budget
Variable Water Sales	\$27,414,178	\$28,132,762
Fixed Monthly Fees	\$21,013,078	\$21,718,135
Tax Revenue	\$579,194	\$596,569
Interest Revenue	\$557,194	\$634,065
Other Revenue	\$300,000	\$350,000
Capacity Fees – Water*	\$3,006,030	\$3,006,030
Total Revenue	\$52,869,674	\$54,437,561

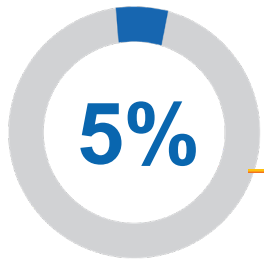
EXPENSES	FY 27 Budget	FY 28 Budget
Water Purchases MWD - Variable	\$17,334,036	\$16,448,020
Water Purchases MWD- Fixed	\$1,047,054	\$2,099,945
Debt Service	\$6,340,630	\$6,340,630
RMWD Labor	\$9,655,199	\$10,399,324
CalPERS UAL - Water	\$952,993	\$991,161
RMWD O&M	\$7,890,825	\$7,912,457
RMWD CIP	\$8,775,000	\$8,085,000
Reserves	\$873,937	\$2,161,024
Total Expenses	\$52,869,674	\$54,437,561
Net Revenue	\$0	\$0



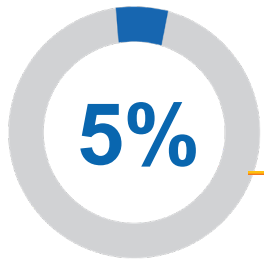
Option 1:

Original Staff Proposal

Variable & Fixed Rates



January 1, 2027



January 1, 2028

Key Considerations

- Distributes cost recovery more evenly across Residential and Agricultural customer classes
- Avoids shifting too much cost recovery onto variable water sales, which can fluctuate significantly based on weather and customer demand
- Remains within the framework of the **2023 Cost-of-Service Study**
- Reduces the risk of revenue shortfalls and the need for larger future rate adjustments
- Gradually rebuilds reserves to help protect customers from future rate shocks, emergencies, and lower-than-projected water sales
- Fully funds rising wholesale water costs, labor, utilities, insurance, and capital infrastructure needs



Option 1: Customer Water Rates

Calendar Years 2027, 2028

Residential Monthly Fixed Charges					
Meter Size	CY 2026	CY 2027	Increase \$	CY 2028	Increase \$
3/4"	\$96.76	\$101.60	\$4.84	\$106.68	\$5.08
1"	\$157.20	\$165.06	\$7.86	\$173.31	\$8.25
1 1/2"	\$308.26	\$323.67	\$15.41	\$339.86	\$16.18
2"	\$489.56	\$514.04	\$24.48	\$539.74	\$25.70
3"	\$1,063.64	\$1,116.82	\$53.18	\$1,172.66	\$55.84
4"	\$1,909.66	\$2,005.14	\$95.48	\$2,105.40	\$100.26
6"	\$3,934.07	\$4,130.77	\$196.70	\$4,337.31	\$206.54

Agricultural Monthly Fixed Charges					
Meter Size	CY 2026	CY 2027	Increase \$	CY 2028	Increase \$
3/4"	143.81	\$151.00	\$7.19	\$158.55	\$7.55
1"	239.68	\$251.66	\$11.98	\$264.25	\$12.58
1 1/2"	479.36	\$503.33	\$23.97	\$528.49	\$25.17
2"	766.97	\$805.32	\$38.35	\$845.58	\$40.27
3"	1,677.75	\$1,761.64	\$83.89	\$1,849.72	\$88.08
4"	3,019.94	\$3,170.94	\$151.00	\$3,329.48	\$158.55
6"	6,231.63	\$6,543.21	\$311.58	\$6,870.37	\$327.16

Residential Variable Rate					
	CY 2026	CY 2027	Increase \$	CY 2028	Increase \$
Per Unit	\$6.42	\$6.74	\$0.32	\$7.08	\$0.34

Agricultural Variable Rate					
	CY 2026	CY 2027	Increase \$	CY 2028	Increase \$
Per Unit	\$5.10	\$5.36	\$0.26	\$5.62	\$0.26



Monthly Bill Increases
Average Residential: 5%

\$10.62 (18 units)

Agriculture Residential: 5%

\$45.13 (130 units)

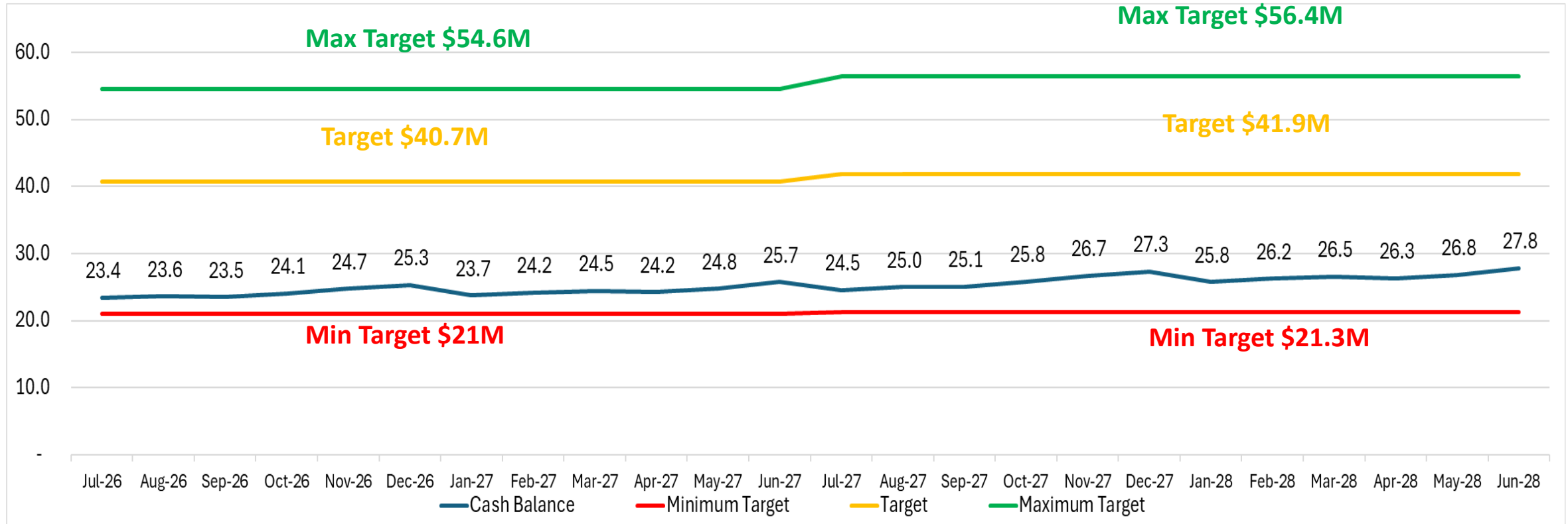


Average Meter Size: Residential 3/4", Agriculture 1"

Option 1: Projected Cash Reserve Balances



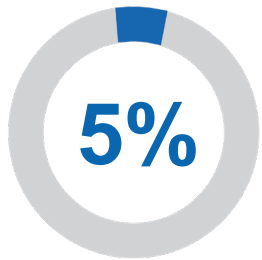
FY27 & FY28



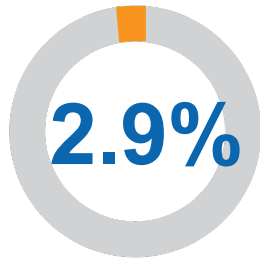
Option 2:

Fixed Pass-Through Increases

January 1, 2027

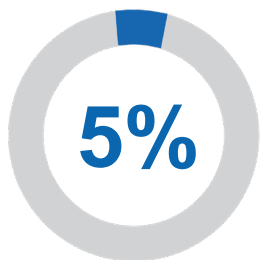


Variable Rate

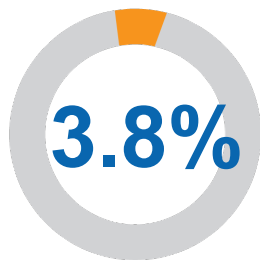


Fixed Rate

January 1, 2028



Variable Rate



Fixed Rate

Key Considerations

- Provides a limited pass-through approach tied primarily to wholesale water cost increases
- Reduces the overall customer monthly bill increase to approximately 4%
- Balances fixed and variable rate adjustments while continuing to support moderate reserve recovery
- Reduces revenue risk by limiting reliance on weather-dependent water sales
- Maintains alignment with the **2023 Cost-of-Service Study**
- Provides lower customer impact than the original staff proposal
- Preserves a more stable revenue structure than shifting the full increase to variable rates only



Option 2: Customer Water Rates

Calendar Years 2027, 2028

Residential Monthly Fixed Charges					
Meter Size	CY 2026	CY 2027	Increase \$	CY 2028	Increase \$
3/4"	\$96.76	\$99.57	\$2.81	\$103.35	\$3.78
1"	\$157.20	\$161.76	\$4.56	\$167.91	\$6.15
1 1/2"	\$308.26	\$317.20	\$8.94	\$329.25	\$12.05
2"	\$489.56	\$503.76	\$14.20	\$522.90	\$19.14
3"	\$1,063.64	\$1,094.49	\$30.85	\$1,136.08	\$41.59
4"	\$1,909.66	\$1,965.04	\$55.38	\$2,039.71	\$74.67
6"	\$3,934.07	\$4,048.16	\$114.09	\$4,201.99	\$153.83

Agricultural Monthly Fixed Charges					
Meter Size	CY 2026	CY 2027	Increase \$	CY 2028	Increase \$
3/4"	\$143.81	\$147.98	\$4.17	\$153.60	\$5.62
1"	\$239.68	\$246.63	\$6.95	\$256.00	\$9.37
1 1/2"	\$479.36	\$493.26	\$13.90	\$512.01	\$18.74
2"	\$766.97	\$789.21	\$22.24	\$819.20	\$29.99
3"	\$1,677.75	\$1,726.40	\$48.65	\$1,792.01	\$65.60
4"	\$3,019.94	\$3,107.52	\$87.58	\$3,225.60	\$118.09
6"	\$6,231.63	\$6,412.35	\$180.72	\$6,656.02	\$243.67

Residential Variable Rate					
	CY 2026	CY 2027	Increase \$	CY 2028	Increase \$
Per Unit	\$6.42	\$6.74	\$0.32	\$7.08	\$0.34

Agricultural Variable Rate					
	CY 2026	CY 2027	Increase \$	CY 2028	Increase \$
Per Unit	\$5.10	\$5.36	\$0.26	\$5.62	\$0.27



Monthly Bill Increases
Average Residential: 4.0%

\$8.58 (18 units)

Agriculture Residential: 4.4%

\$40.10 (130 units)

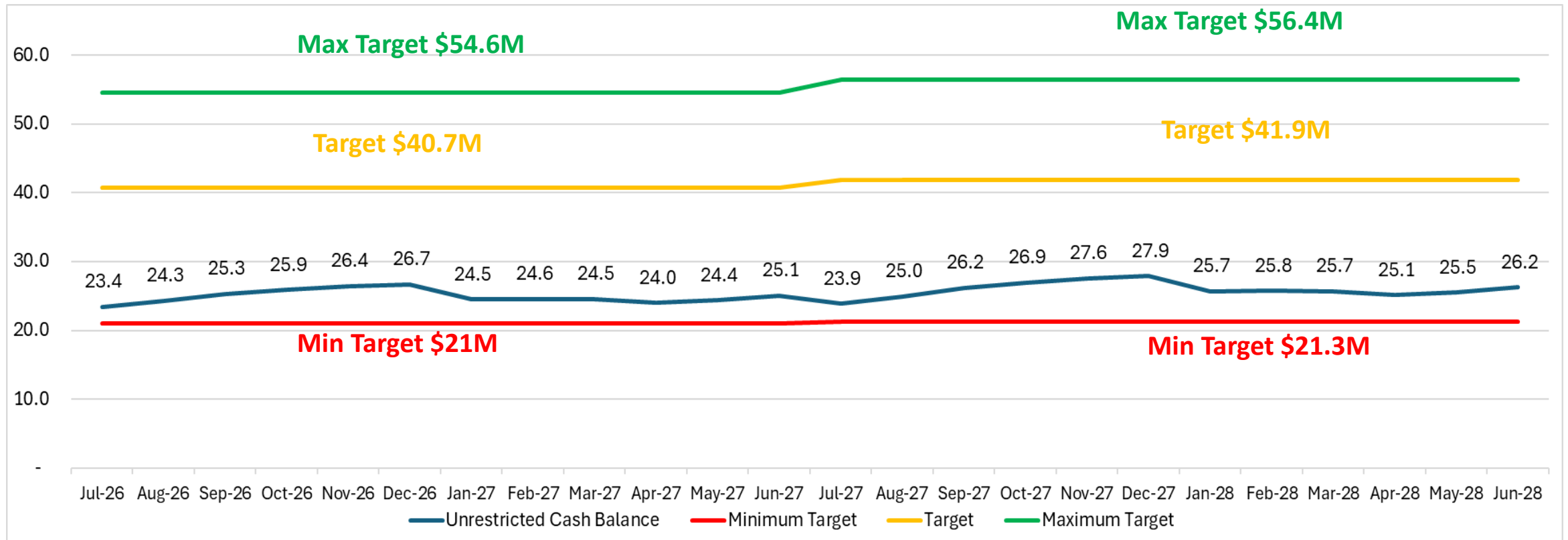


Average Meter Size: Residential 3/4", Agriculture 1"

Option 2: Projected Cash Reserve Balances



FY27 & FY28



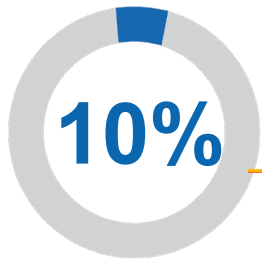
O&M Cost Savings/Budget Reductions Implemented:

- Credit Card Fees savings \$150K in FY27 and FY28 (\$300K total two years)
- New ERP implementation projected savings \$300K starting FY28
- In-house CIP crew estimated savings \$240K in FY27, \$562K in FY28

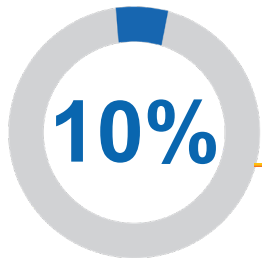


Option 3: No Fixed Increase

Variable Rates



January 1, 2027



January 1, 2028

- Fixed charges remain unchanged 2027 thru 2028
- **No Fixed Increase for 4 Years**

Key Considerations

- Places a greater cost recovery burden on higher-volume water users, including Agricultural customers
- Increasing the District's dependence on weather, demand, and water-use patterns
- Potential for a new Cost-of-Service Study and Prop 218 review before implementation
- Increases the risk of revenue shortfalls during wet years
- Reserves will highly depend on meeting sales targets
- May increase the likelihood of larger corrective rate adjustments in future years if sales volume declines

Option 3: Customer Water Rates

Calendar Years 2027, 2028

Residential Monthly Fixed Charges					
Meter Size	CY 2026	CY 2027	Increase \$	CY 2028	Increase \$
3/4"	\$96.76	\$96.76		\$96.76	
1"	\$157.20	\$157.20		\$157.20	
1 1/2"	\$308.26	\$308.26		\$308.26	
2"	\$489.56	\$489.56		\$489.56	
3"	\$1,063.64	\$1,063.64		\$1,063.64	
4"	\$1,909.66	\$1,909.66		\$1,909.66	
6"	\$3,934.07	\$3,934.07		\$4,201.99	

Agricultural Monthly Fixed Charges					
Meter Size	CY 2026	CY 2027	Increase \$	CY 2028	Increase \$
3/4"	\$143.81	\$143.81		\$143.81	
1"	\$239.68	\$239.68		\$239.68	
1 1/2"	\$479.36	\$479.36		\$479.36	
2"	\$766.97	\$766.97		\$766.97	
3"	\$1,677.75	\$1,677.75		\$1,677.75	
4"	\$3,019.94	\$3,019.94		\$3,019.94	
6"	\$6,231.63	\$6,231.63		\$6,231.63	

Residential Variable Rate					
	CY 2026	CY 2027	Increase \$	CY 2028	Increase \$
Per Unit	\$6.42	\$7.06	\$0.64	\$7.77	\$0.71

Agricultural Variable Rate					
	CY 2026	CY 2027	Increase \$	CY 2028	Increase \$
Per Unit	\$5.10	\$5.61	\$0.51	\$6.17	\$0.56



Monthly Bill Increases

Residential: 5.4%

\$11.56 (18 units)

Agriculture: 7.3%

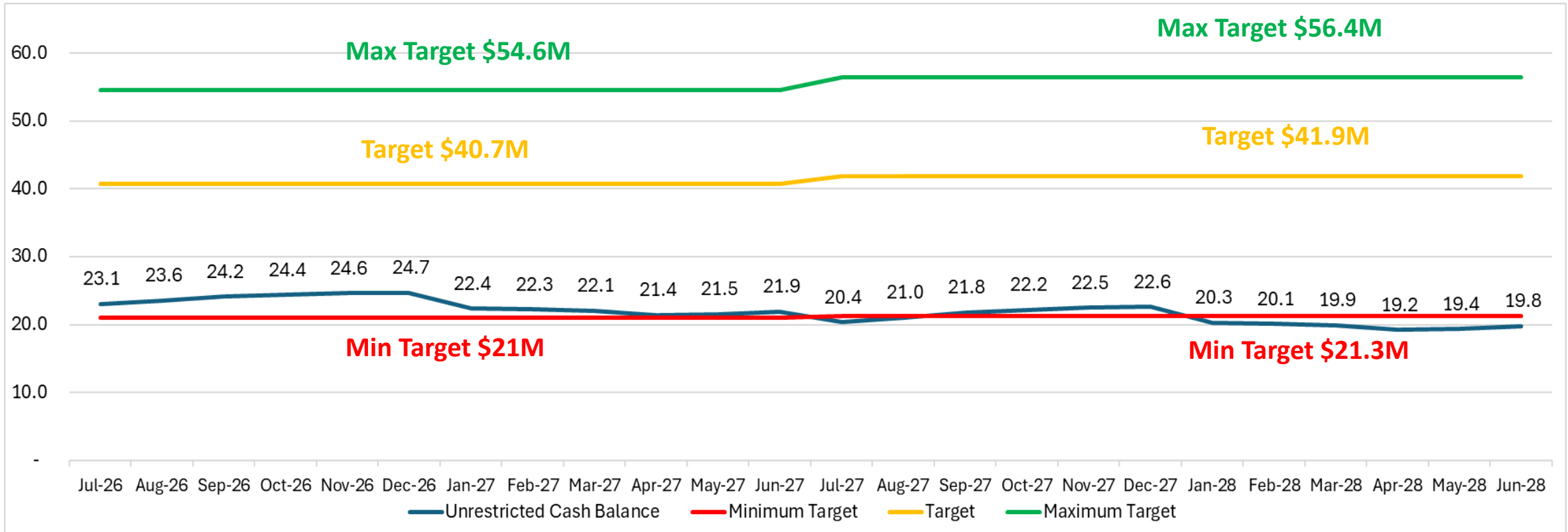
\$66.30 (130 units)



Option 3: Projected Cash Reserve Balances



FY27 & FY28



- Conservative reserve analysis assumes wet years in FY 2027 and FY 2028, increasing the risk of reserves falling below the minimum target.

Staff Recommendation

Option 2: Fixed Pass-Through Increase Only

Water Rates

- **January 1, 2027**
 - Increase **variable** water rates by **5%** and fixed by **2.9%**
- **January 1, 2028**
 - Increase **variable** water rates by **5%** and fixed by **3.8%**

Reduces the overall rate increase to approximately **4%**, while still supporting:

- Recovery of increased wholesale water costs (6.2% each year)
- A reasonable balance between fixed and variable charges
- Continued reserve recovery
- Lower customer impact than the original 5% fixed and variable proposal
- Within cost-of-service study and Prop 218 compliant



Wastewater Fund

Expenditures and Revenues
FY 2027 and FY 2028



Total Net Revenue Budget FY 27 and FY 28

Wastewater Fund

*one time fee revenue
restricted for CIP only

REVENUE	FY 27 Budget	FY 28 Budget
EDU Fixed Charges	\$7,355,934	\$8,584,737
Interest	82,581	93,935
Tax Revenue	85,806	88,381
Capacity Fees Sewer*	4,717,478	4,717,478
Total Revenue	\$12,241,799	\$13,484,531

EXPENSES	FY 27 Budget	FY 28 Budget
City of Oceanside O&M	\$2,290,709	\$2,657,222
City of Oceanside CIP	500,000	550,000
Debt Service	1,813,021	1,813,021
RMWD Labor	1,578,344	1,673,157
CalPERS UAL - Wastewater	141,184	146,839
RMWD O&M	1,321,981	1,366,591
RMWD CIP	1,960,000	1,600,000
Oceanside CIP Reserve	682,735	751,009
RMWD CIP Reserve	1,953,825	2,926,693
Total Expenses	\$12,241,799	\$13,484,531
Net Revenue	\$0	\$0



Proposed Plan

Main Action Items – *Main Rates*

Wastewater Rates

Raise monthly EDU fixed rates

○ July 1, 2026

- Increase **EDU fixed** monthly charges by 13% as adopted in the Board approved 2023 5-year Cost of Service Study

○ July 1, 2027

- Increase **EDU fixed** monthly charges by 13% as adopted in the Board approved 5-year Cost of Service Study



Questions

